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BERNARD SANDERS, VERMONT,
INDEPENDENT

MEMORANDUM

To: Members of the Subcommittee on National Security, Emerging
Threats, and International Relations

From: Christopher Shays
Chairman

Date: October 13, 2005

Subject: Briefing memo for October 18, 2005 Subcommittee hearing

Attached find the briefing memo required by Committee rules for the hearing on
Tuesday, October 18, 2005 entitled, *Iraq: Perceptions, Realities and the Cost to
Complete*, scheduled for 10:00 am in room 2154 Rayburn House Office Building

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October 13, 2005

MEMORANDUM

To: Members of the Subcommittee on National Security, Emerging Threats
and International Relations.

From: Dr. R. Nicholas Palarino, Senior Policy Analyst.

Subject: Briefing memorandum for the hearing, *Iraq: Perceptions, Realities and
the Cost to Complete*, scheduled for Tuesday, October 18, 2005 at 10:00
a.m., room 2154 Rayburn House Office Building in Washington, D.C.

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To: Members of the Subcommittee on National Security, Emerging Threats
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Subject: Briefing memorandum for the hearing, *Iraq: Perceptions, Realities and
the Cost to Complete*, scheduled for Tuesday, October 18, 2005 at 10:00
a.m., room 2154 Rayburn House Office Building in Washington, D.C.

PURPOSE OF THE HEARING

The hearing will examine Iraq governance, reconstruction and security oversight efforts, and accompanying recommendations in order to assist in clarifying perceptions, realities and the cost of accomplishing US objectives in Iraq.

HEARING ISSUE

What is the status of U.S. support for Iraqi governance, reconstruction and security programs?

BACKGROUND

On March 17, 2003, President George W. Bush said:

As our coalition takes away their [Saddam Hussein's regime] power, we will deliver the food and medicine you [Iraqis] need. We will tear down the apparatus of terror and we will help you to build a new Iraq that is prosperous and free.¹

The commitment to rebuild Iraq and establish a democracy has been a consistent Administration goal. But Niall Ferguson, Professor at the University of Oxford, said few realized how that policy—reconstructing and bringing democracy to Iraq—would be implemented. Ferguson stated no one in the Administration asked the question posed by British Prime Minister (c.1860) William Gladstone over a century earlier:

How to plant solidly western and beneficent institutions in the soil of a Mohammedan community?²

In his recent journal work, *Building Democracy After Conflict*, Dr. Larry Diamond said Gladstone's question was not answered "by a ninetieth-century style

¹ George Bush, "President Says Saddam Hussein Must Leave Iraq Within 48 Hours," Remarks by President in Address to Nation, 17 March 2003, <http://www.whitehouse.gov/news/releases/2003/03/20030317-7>.

² Ferguson, Niall. *Colossus: The Price of America's Empire* (New York: Penguin, 2004), 198.

occupation.” Dr. Diamond points out a 19th Century style occupation is an inappropriate tool to deliver democracy to a 21st Century people to whom nationalism and resistance to colonialism are now extremely salient and divisive social and political issues. Although a majority of Iraqis were grateful for becoming free of a despot, their gratitude dissolved into anger because some concluded the invading force could not maintain order and would not be leaving.³

Dr. Diamond points out the current situation closely resembles problems confronted by the British occupation of Iraq after World War I. According to Diamond, having failed to comprehend the dynamics and lessons of the British experience, the U.S. erred in basing plans and tactics on:

- the confidence that the United States would be welcomed as liberators,
- the expectation only a relatively light force would be needed during the postwar era, and
- the decision to embark on a formal, extended occupation when US plans for a rapid turnover and exit collapsed amid mounting disorder.⁴

Others, including Iraqis, have pointed to other mistakes and missteps that have impeded post-war progress, including decisions by the Coalition Provisional Authority to dissolve all existing security forces and the pursuit of centrally-planned, large-scale reconstruction projects versus more visible and widely dispersed short-term water, power and public construction efforts. (**Attachment 1**)

The Government Accountability Office (GAO), the Department of Defense Inspector General (IG), the U.S. Agency for International Development (USAID) IG, the Office of the Special Inspector General for Iraq Reconstruction⁵ (SIGIR), and others have conducted detailed oversight of post-conflict spending and programs in Iraq.

³ Larry Diamond, “Lessons from Iraq,” *Journal of Democracy*, 16, no. 1 (2005): 9

⁴ Ibid.

⁵ SIGIR is the successor to the Coalition Provisional Authority Office of Inspector General (CPA-IG). The office is charged with conducting and supervising audits and investigations relating to the programs and operations funded with amounts appropriated or made available to the Iraq Relief and Reconstruction Fund (IRRF) P.L. 108-106, Section 3001, as amended, P.L. 95-452, and P.L. 108-375, Section 1203 established the Office of SIGIR.

These organizations published 83 reports on Iraq reconstruction covering the period May 2003 through June 2005. The following is a sample of the published oversight reports categorized into three groups—governance, reconstruction and security. A complete list of the reports, along with a short summary of their objectives and findings is included in this memorandum. **(Attachment 2)**

Governance Oversight

The GAO report, “Iraq’s Transitional Law,” published on May 25, 2004, reviewed the time frames and Iraqi governmental structures established by the Law of Administration for the State of Iraq for the Transitional Period (Transitional Law). Additionally, the report examined the arrangements in the Transitional Law for the United States led multinational force, Iraqi security forces and the militias, and mechanisms for resolving disputes over property and territories within Iraq.

GAO found the Transitional Law did not specify how the interim government was to be formed or structured. Since that finding was written, the Iraqi Governing Council, on June 1, 2004, published an Annex to the Transitional Law establishing the structure of the government. GAO also found the Transitional Law calls for the disbandment of all militias not under the command structure of the transitional government. Such militias are still operating in Iraq. **(Web Resource 1)**

A SIGIR Report, “Oversight of Funds Provided to Iraqi Ministries,” examined the adequacy of managerial, financial and contractual controls over the Development Fund for Iraq (DFI) disbursements. The report concluded the Coalition Provisional Authority (CPA) provided inadequate controls for approximately \$8.8 billion in DFI funds. Specifically, the CPA did not establish or implement sufficient controls to ensure DFI funds were used in a transparent manner by Iraqi ministries. Consequently, there was no assurance the funds were used for the intended purposes.

The CPA Administrator and the Director, Defense Support Office-Iraq disagreed with the audit finding, stating the report did not acknowledge the difficult operational context in which the CPA was working and did not recognize the actions taken to improve weaknesses in the Iraqi budgeting and financial management process. The Iraqi Board of Supreme Audit has the responsibility for a follow-up investigation of Iraqi Ministry expenditures. **(Web Resource 2)**

The “Audit of USAID/Iraq’s Community Action Program,” by USAID IG examined whether or not the Community Action Program (CAP) achieved intended goals. CAP encourages citizens to become involved in addressing the issues that affect their communities. The audit concluded the CAP achieved established goals, but internal controls needed to be strengthened to improve the monitoring and reporting processes. **(Web Resource 3)**

Reconstruction Oversight

The “Audit of USAID/Iraq’s Electrical Power Sector Activities” had a dual purpose. The audit examined whether or not the electrical power sector projects were achieving their planned outputs, and if USAID/Iraq was addressing institutional capacity-building to rebuild and rehabilitate Iraq’s electrical power sector infrastructure. The USAID IG concluded USAID/Iraq’s infrastructure projects in the electrical power sector were not achieving their intended outputs. For example, 7 of the 22 power sector projects reviewed (32 percent) did not achieve their goals.

However, the audit also determined the underlying problems were beyond USAID control. For example, two of the seven projects were impacted by the US government’s earlier efforts, in September 2004, to reallocate over one billion dollars in government-wide infrastructure funding from the electrical sector to security and other priority areas. That action resulted in the cancellation of two power projects. Several other projects were experiencing implementation delays stemming from contractor issues, cooperation from the Iraqi Ministry of Electricity, or the security situation.

The IG report recommended development of a multi-year strategy. USAID/Iraq concurred with the recommendation and has since developed a 3-year (2006-08) transitional strategy. **(Web Resource 4)**

“Rebuilding Iraq: US Water and Sanitation Efforts Need Improved Measures for Assessing Impact and Sustained Resources for Maintaining Facilities” is a GAO report assessing US activities in the water and sanitation sector, including project funding, progress, factors affecting implementation, and sustainability. The GAO concluded the United States has made progress restoring Iraq’s water and sanitation infrastructure, even while operating in a challenging security environment. The GAO also determined it is difficult to determine how much clean water is reaching intended users because of limited performance data and

measurements. GAO recommended the establishment of indicators and measures to better understand how US efforts are improving the quality and quantity of water and sanitation services. The Iraq Project Contracting Office⁶ is in the process of establishing metrics to determine the number of Iraqis who would benefit from specific reconstruction projects. **(Web Resource 5)**

A US Army Audit Agency (USAAA) report, "Commanders' Emergency Response Program (CERP) and Quick Response Fund (QRF)," evaluated the extent to which disbursements were consistent with the intent of the implementing guidance. The USAAA audit team found CERP and QRF funds were properly accounted for and disbursed. **(Attachment 3)**

The SIGIR Project Assessment Program is designed to determine if US taxpayers are getting value for the dollars spent on US-funded projects. Program team members review contractual specifications and reported completion information and compare this data to actual on-site inspections.

The Engineering Assessment Team completed project assessments on four reconstruction projects. At the Al Wahda Water Treatment Plant in Baghdad, the team concluded the work project objectives would not be met. Additionally, the team assessed the Al Wathba Water Treatment Plant in Baghdad and determined the ongoing renovation will meet stated objectives. The team also determined, by inspection of US Army Corps of Engineer quality assurance reports but not on-site inspection, that the Al Nahrwan Water Supply for Baghdad Project met stated objectives. The assessment team also evaluated the Al Sumelat Water Network in Baghdad and determined there were deficiencies in quality control, quality assurance, and design, as well as instances in which work performed was inconsistent with the contract specifications. **(Web Resource 6)**

Security Oversight

GAO provided testimony concerning the transfer of security responsibilities to Iraqi military and police forces to the Subcommittee on National Security,

⁶ The Program Management Office manages the \$18.4 billion gift from the American people to the Iraqi people to support the reconstruction of Iraq's infrastructure. The office is responsible for all activities associated with program, project, asset, and financial management, and manages both construction and non-construction activities across six sectors; electrical, public works and water, communications and transportation, buildings, education and health care, security and justice, and oil.

Emerging Threats and International Relations. The testimony, “Challenges in Transferring Security Responsibilities,” reviewed the strategy for transferring security duties, the data on the status of Iraqi security forces, and the challenges facing the Multi-National Force-Iraq (MNF-I) transferring security to Iraqi forces. GAO concluded that without reliable reporting data, a more capable Iraqi force, and stronger Iraqi leadership the Department of Defense will continue to face difficulties in implementing the strategy to draw down US forces from Iraq. They found the MNF-I is taking steps to address challenges such as developing a system to assess Iraqi unit readiness and embed US forces within Iraqi units. MNF-I has established a unit readiness assessment and is in the process of evaluating the personnel, training and equipment status of Iraqi security forces. **(Web Resource 7)**

The IGs of the Department of State and Defense established an interagency IG team to collaborate on an assessment of the Iraqi police training program. The purpose of the assessment was to evaluate the US government program to train and equip the Iraqi Police Service (IPS), and examine the effectiveness of coordination and cooperation between the Departments of State and Defense. The IGs concluded *inter alia* the IPS is not yet capable (as of April 2005) of single-handedly meeting security challenges. However, the training effort has been a success. Additionally, the IGs determined recruitment and vetting procedures for the IPS are faulty, and more input from the Iraqi leadership is needed for the IPS training programs. The Department of State and Defense IG report has 30 recommendations, the most important being that training of Iraqi security forces should focus on qualitative standards rather than on the numbers trained. **(Web Resource 8)**

In addition to the IG and GAO examinations related to security, Departments also send individuals to Iraq to examine specific issues and provide an assessment. General Barry R. McCaffrey, USA (Ret.) returned from such an assessment in June 2005. General McCaffrey concluded:

The Iraqi Insurgency threat is enormously more complex than Vietnam. There [Vietnam] we faced a single opposing ideology; known enemy leaders; a template enemy organizational structure; an external sanctuary which was vital to the insurgency to bring in fighters, ammunition, resources; and relative security in urban areas under Allied/Vietnamese Government control.

Iraq is much tougher. The enemy forces in this struggle are principally Sunni irredentists— but there is also a substantial criminal class determined to murder, rob, kidnap and create chaos.

We also face a small but violent foreign Jihadist terrorist element. These terrorists do not depend on foreign sanctuary. They can arm themselves with the incredible mass of munitions and weapons scattered from one end of Iraq to the other.

Finally, Iraq is encircled by six bordering nations—all of whom harbor ill-will for the struggling democratic Iraqi state.

General McCaffrey also pointed out the Iraqi security forces are now a real and hugely significant factor. However, he concluded premature drawdown of US ground forces could become problematic. **(Web Resource 9)**

DISCUSSION OF HEARING ISSUE

What is the status of U.S. support for Iraqi governance, reconstruction and security programs?

America is confronted with a monumental task—rebuilding Iraq. The United States and other members of the Coalition have encountered obstacles including a decayed, neglected infrastructure, an embryonic political process, and an unstable security environment. Americans are provided different accounts about the progress in Iraq. There are continuing media reports concerning infrastructure problems, political and social unrest and coalition force casualties. Administration officials, on the other hand, portray rebuilding Iraq as a work in progress toward inevitable success.

Governance

The government oversight reports indicate establishment of democratic institutions and a civil society in Iraq are progressing, however factional divisions and corruption could seriously undermine those developments. Much of the corruption is seen as a legacy of the Saddam Hussein regime. It is hoped the corruption will

be addressed by the established Iraqi commissions designed to improve government accountability, transparency and integrity. **(Attachment 4)**

USAID Community Action Programs in Iraq are designed to encourage citizens to become involved in addressing the issues affecting their communities. These programs, administered by nongovernmental organizations, such as Save the Children and Mercy Corps, help Iraqis understand democracy and encourage civic action. The audit by the USAID IG examined those programs and determined USAID is meeting established goals. **(Web Resource 3)**

The Transitional Law, still being used as the law of the land, could soon be superseded by an Iraqi Constitution if the document is adopted in the October 15, 2005 referendum. If adopted, elections in December would lead to the formation of Iraq's first constitutionally based government in generations. However, some fear frequent transitions (from CPA to the Governing Council, to the elected Interim Government and ultimately to a permanent government structure) have delayed critical decisions, frayed public trust and provided opportunities for cronyism and corruption.

Reconstruction

Reconstruction efforts for Iraqi electrical and water infrastructure, in some cases, are not meeting goals because of the security situation and the reallocation of funds for other tasks. The USAID audit of the electrical power sector concluded this sector is not achieving intended goals. In this and other infrastructure sectors, programs are being scaled back while estimates of completion costs continue to escalate.

The GAO audit addressing water and sanitation efforts concluded progress has been made restoring Iraq's water and sanitation infrastructure, but no one can say to what extent that progress has visibly improved the lives of average Iraqis. The lack of tangible improvement in basic public services frustrates Iraqis who expected far swifter and more effective action after two years from a Coalition capable of occupying their nation in two days.

Iraq's electricity problems, which in turn lead to frequent pump shutdowns depriving neighborhoods of water, are due to a run-down system, war-time damage

and ongoing insurgent sabotage. About \$19 billion was allocated for long-term electricity and water projects, but about a quarter of that money has been diverted to secure the electrical and water infrastructure. **(Attachment 5)** Until the security situation stabilizes the electric and water situation will continue to be problematic.

Security

GAO concluded the insurgency in Iraq has intensified since June 2003, making it difficult to transfer security responsibilities to Iraqi forces. From that time through January 2005, insurgent attacks grew in number, complexity, and intensity. At the same time, the multinational force has faced four key challenges in increasing the capability of Iraqi forces: (1) training, equipping, and sustaining a changing force structure; (2) developing a system for measuring the readiness and capability of Iraqi forces; (3) building loyalty and leadership throughout the Iraqi chain of command; and (4) developing a police force that upholds the rule of law in a hostile environment.

The Multi-National Forces-Iraq Command is taking steps to address GAO conclusions. The command has developed a system to assess unit readiness and embed Coalition personnel within Iraqi security forces. Additionally, MNF-I established military and police schools to train Iraqi leaders. Within these schools the rule of law has been integrated into the curriculum and embedded Coalition forces reinforce this training. **(Web Resource 7)**

The Iraqi Police Service (IPS) training program has been largely successful and given more time the ISP will become more proficient. Improvement is required in the recruitment and vetting of police recruits and more Iraqi leadership is needed in the development of the police training program. **(Web Resource 8)** The IGs stated that action is being initiated in response to many of its recommendations, including addressing the issues of vetting recruits and more involvement by the Iraqi leaders in recruit training. **(Attachment 6)**

WITNESSES

Invited witnesses were asked to describe their work in Iraq and to discuss accountability for U.S. funds, status of recommendations and challenges ahead such as the reliability of cost to complete estimates and program sustainability.

Representative from International Republican Institute and the National Democratic Institute were asked to provide observations on the Iraq Constitutional Referendum held on October 15, 2005.

WITNESSES

Panel I

The Honorable Stuart W. Bowen, Jr.
Special Inspector General for Iraq Reconstruction

The Honorable Howard J. Krongard
Inspector General
Department of State

Mr. Joseph Christoff
Director, International Trade
US Government Accountability Office

Mr. Thomas Gimble
Acting Inspector General
Department of Defense

Mr. Bruce N. Crandlemire
Acting Inspector General
US Agency for International Development

Ms. Joyce Morrow
The US Army Auditor General

Panel II

Professor Mary Habeck

The Paul H. Nitze School of Advanced International Studies
The Johns Hopkins University

Judy Van Rest

Executive Vice President
International Republican Institute

Representative

National Democratic Institute

ATTACHMENTS

1. Letter from Congressman Christopher Shays (R-CT), Chairman, Subcommittee on National Security, Emerging Threats and International Relations, Committee on Government Reform, US House of Representatives to Vice President Richard Cheney, June 6, 2005.
2. Special Inspector General for Iraq Reconstruction, "Summary of US Oversight in Iraq," *Report to Congress*, Appendix J, 30 July 2005.
3. US Army Audit Agency Report, "Commanders' Emergency Response Program and Quick Response Fund," Audit Report: A-2005-0173-ALE, 2 May 2005.
4. "Iraq Investigates Widespread Corruption," *Associated Press*, 2 August 2005.
5. "Iraqis Thirst for Water and Power," *Christian Science Monitor*, 11 August 2005, p. 10.
6. "US Study: Insurgents Infiltrate Iraq Police," CNN.COM, July 25, 2005.

WEB RESOURCES

1. US General Accountability Office, "Iraq's Transitional Law," available from <http://www.gao.gov/new.items/d04746r>; Internet accessed 27 September 2005.
2. Special Inspector General for Iraq, "Oversight of Funds Provided to Iraqi Ministries," available from http://www.sigir.mil/pdf/dfi_ministry_report; Internet accessed 27 September 2005.

3. US Agency for International Development, "Audit of USAID/Iraq's Community Action Program," available from <http://www.usaid.gov/oig/public/fy05rpts/e-267-05-001-p>; Internet accessed 27 September 2005.
4. US Agency for International Development, "Audit of USAID/Iraq's Electrical Power Sector Activities," available from <http://www.usaid.gov/oig/public/fy05rpts/e-267-05-004-p>; Internet accessed 28 September 2005.
5. US General Accountability Office, "Rebuilding Iraq: US Water and Sanitation Efforts Need Improved Measures for Assessing Impact and Sustained Resources for Maintaining Facilities," available from <http://www.gao.gov/new.items/d05872>; Internet accessed 28 September 2005.
6. Special Inspector General for Iraq Reconstruction, "SIGIR Project Assessment Program," available from http://www.sigir.mil/pdf/July_05_Congress/July30_2005_report; Internet accessed 28 September 2005.
7. US House of Representatives, Committee on Government Reform, Subcommittee on National Security, Emerging Threats and International Relations, "Challenges in Transferring Security Responsibilities," available from <http://reform.house.gov/NSETIR/Hearings/Default.aspx?Timeframe=Past&CategoryID=111&Sort=desc>; Internet accessed 28 September 2005.
8. Department of State Inspector General, "Interagency Inspection of Iraq Police Training," available at <http://oig.state.gov>; Internet accessed 28 September 2005.
9. General Barry McCaffrey (USA, Ret.), "Trip Report-Kuwait and Iraq," available at <http://www.freerepublic.com/focus/f-news/1457681/posts>; Internet accessed 28 September 2005.

Attachment 1

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INDEPENDENT

SUBCOMMITTEE ON NATIONAL SECURITY, VETERANS AFFAIRS, AND INTERNATIONAL RELATIONS

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June 6, 2005

The Honorable Dick Cheney
The Vice President of the United States
Eisenhower Executive Office Building
Washington, DC 20501

Dear Mr. Vice President:

This letter provides you with observations and recommendations from my recent fact finding visit to Iraq. I am optimistic about the future of Iraq, even though press reports detail daily carnage in some regions.

The main purpose of our visit was to continue oversight of efforts to develop a democratic regime, stabilize the security environment and reconstruct the country. People ask why, as Members of Congress, we go to Iraq. As elected Representatives of the American people it is our responsibility to get information first hand and not rely solely on the press or the Administration for reports on progress.

We met with United States and Iraqi government officials and members of the opposition including:

Chargé, Ambassador James Jeffrey,
Commanding General, Multi-National Forces—Iraq, General George Casey,
Commanding General, Multi-National Security Transition Command—Iraq,
General David Petraeus,
Prime Minister Ibrahim Al-Ja'afari,
Minister of Defense Saadoun Al-Duleimi,
Deputy Prime Minister Ahmed Chalabi, and
Delegation members from the Sunni Council of National Dialogue,
Dr. Saleh Mutlak, Sheikh Khalaf Olian, Abdul Nasir al-Janabi, and Dr.
Mohmood al-Mishadany.

Over the course of eight visits to Iraq during the past 25 months, my staff and I have noted setbacks, but also progress. Numerous Iraqi officials have told us of mistakes made by the United States—flawed planning for post-conflict Iraq by the Department of Defense; allowing Iraqis to loot the city immediately after Coalition forces took control; the indiscriminate de-Baathification of government employees; the dissolution of Iraqi security forces; the shock to the economic system of changing from a state run to a market economy; and the most egregious mistake, allowing Americans to be the face of Iraq for over a year rather than having Iraqis face the press and public to explain what was happening inside Iraq. However, even with all of these mistakes, we have made significant progress.

While some of the world argues over the rightness of the war, Iraq has been moving forward. We now have an Iraqi government elected by the majority of Iraqis. A constitution is being drafted by most representatives of Iraqi society. There will be another election in December 2006 to select a permanent Parliament. There are over 165,000 Iraqi security forces, some fully capable of accomplishing their mission and some currently being trained and equipped, and more are on their way.

There is also progress being made, although incremental, in the reconstruction of the infrastructure and economy. Electrical power availability is increasing, and is now above pre-war levels. The Trade Bank of Iraq issued Iraq's first credit/debit cards, and the Iraq Stock Exchange traded nearly 14 billion shares within its first seven months and has tripled trading volume in less than one year.

We believe Deputy Prime Minister Ahmed Chalabi accurately described to us the four challenges currently facing the Iraqi people in their pursuit of a stable, democratic nation—security, sovereignty, essential services and public corruption.

Observations and Recommendations on SECURITY

There appears to be an unholy supply of insurgents, both foreign terrorist and former regime elements attempting to destroy the vision of Iraqi democracy. However, more Iraqis every day take up the sacred cause of making that vision a reality.

General Petraeus and his team have taken on the enormous task of building an Iraqi security force. There is a viable transition plan in place to replace Coalition forces with Iraqi security forces, and metrics have been established to evaluate those replacements. With over 165,000 personnel, they are well on their way to developing a credible force and some of those are beginning to secure restive areas.

As that new Iraqi security force is recruited, we should press the Iraqi government to insure they represent all factions of Iraqi society. A security force predominantly comprised of only Shia and Kurd could eventually lead to sectarian violence and exacerbate tensions in an already volatile situation. Additionally, the Minister of Defense told us he was going to disband all militias and integrate them into the new Iraqi security force.

We should keep in mind the difficulty of keeping terrorists geographically constrained. Iraq needs assistance from its neighbors to eliminate safe havens for the insurgents. We should expose, at every opportunity, the help border states are providing to foreign insurgents fighting in Iraq, whether this support is sanctioned by the bordering government or not. We should also consider former Prime Minister Allawi's recommendation to place United Nation troops along the Syrian border to better control entry and access points into and out of Iraq.

A final note on security relates to the terrorist Abu Musab al-Zarqawi. During the period April through December 2003, the Coalition Provisional Authority raised expectations by predicting violence in Iraq would subside after the capture of Saddam Hussein. Hussein was captured. The violence continued, and violence will continue even after Zarqawi is captured. We should restrain ourselves from raising expectation of diminished violence when Zarqawi is taken.

Observations and Recommendations on SOVEREIGNTY

The Iraqi government has made enormous strides in the past 25 months from a tyrannical regime to an elected government. The leaders of the elected Iraq

government are in place, and the bureaucracy is being re-formed. We believe the new leaders are committed to an inclusive, pluralistic and secular government which will not stress societal divisions, but rather focus on Iraq as an integrated nation.

The United States should not be running Iraq. We now have advisors in every aspect of their government, in all the ministries, in their military and police units, and in their economy. Under Saddam Hussein and the Coalition Provisional Authority, the Iraqis had their decisions made for them. Now is the time for Iraqis to make their own decisions. We should step back and let them run their country.

As with the security forces, all factions within Iraq should be represented in the new government. Because many of the Sunnis refused to participate in the elections, they are under represented. We should continue to impress upon the new Iraqi leaders the need to be as inclusive as possible and draw in as many Sunnis, in both the bureaucracy and into the commission that is drafting the Iraqi constitution. We should also look ahead to the Iraqi elections in December and recommend innovative ways to bring more Sunnis into the election process.

The representatives of the Sunni Council of National Dialogue complained they were under represented on the committee drafting the constitution. The Prime Minister informed us he is broadening the number of people on the constitutional drafting committee and will include a greater number of Sunnis.

Observations and Recommendations on ESSENTIAL SERVICES and PUBLIC CORRUPTION

Many Iraqis believe the United States is the most powerful nation on earth and can accomplish almost anything. Iraqi citizens watched as we, in a matter of weeks, overwhelmed Saddam Hussein's military and conquered Iraq. Iraqis now ask themselves why the United States cannot supply electricity, fresh water, fuel, and control the sewage flowing into the Tigris and Euphrates.

We did a good job of explaining democracy to the Iraqis and why they should vote. We need to do a better job of explaining why Iraqis have problems receiving essential services and be outspoken about public corruption.

Although security prevents some contractors from completing their job, public corruption also plays a significant role in preventing the Iraqis from receiving essential services. Specifically, the government bureaucracy is paying in full for

contracts before the work is completed. This allows unscrupulous contractors to pocket the money and walk away from their job before completion.

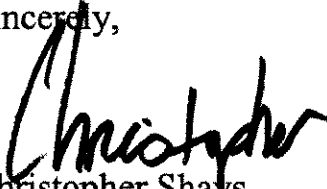
Much better controls and oversight of contracts need to be instituted—both for Iraqi and foreign contractors. Contractors should not be allowed to walk off jobs before completion. This is one area where the United States may have to take the lead for the time being and provide more auditors to oversee contracting efforts, and assist with oversight.

The Government Accountability Office has had too little presence in Iraq, and the offices of inspectors general conduct audits mostly in the safe areas of the international zone. If corruption is to be controlled and contracts completed so that essential services are restored, more oversight is necessary. These audits should take place not only in the international zone, but throughout Iraq.

These observations and recommendations are offered in the hope they will be of use in crafting the plans and policies needed to move Iraq forward toward the ultimate goal: a democratic Iraq. As always, I would welcome the opportunity to discuss these matters with you more fully.

If you, or your staff, have any questions please contact me at 202-225-2546, or Dr. R. Nicholas Palarino, who has accompanied me on all of my trips to Iraq.

Sincerely,



Christopher Shays
Chairman

Attachment 2

Appendix J

Summary of U.S. Oversight in Iraq

This appendix contains a list of completed audits, reports, and testimonies on Iraq reconstruction activities as of June 30, 2005 released by the SIGIR and the following five agencies:

- U.S. Army Audit Agency (USAAA)
- Department of Defense Office of Inspector General (DoD OIG)
- Department of State Office of Inspector General (DoS OIG)
- Government Accountability Office (GAO)
- U.S. Agency for International Development Office of Inspector General (USAID OIG)

The audits from this list are further categorized according to the sector of the Iraq Relief and Reconstruction Fund (IRRF) they cover and the types of recommendations made.

Summary of U.S. Oversight in Iraq

Public Law 108-106, as amended, requires the Special Inspector General for Iraq Reconstruction (SIGIR) to report to the Congress on the Iraq reconstruction efforts conducted by other government agencies. To increase the understanding of oversight efforts in Iraq, the SIGIR collected all completed audits from six U.S. oversight organizations. The goals of this effort were to paint an overall picture of the oversight efforts and to gain insight into the areas of concentration of audit coverage. The SIGIR's audit summary includes both SIGIR audits and audits from these organizations:

- U.S. Army Audit Agency (USAAA)
- Department of Defense Inspector General (DoD IG)
- Department of State Office of Inspector General (DoS OIG)
- Government Accountability Office (GAO)
- U.S. Agency for International Development Office of Inspector General (USAID OIG)

These organizations published 83 reports on Iraq reconstruction (documented at the end of this appendix), from which the SIGIR identified 57 completed audits. The SIGIR focused on the 57 completed audits, which cover these two periods:

1. *Before June 28, 2004* (May 2003–June 28, 2004, transfer of governance authority to Iraq)
2. *After June 28, 2004* (through June 30, 2005)

Figure J-1 shows the number of audits covering each period.

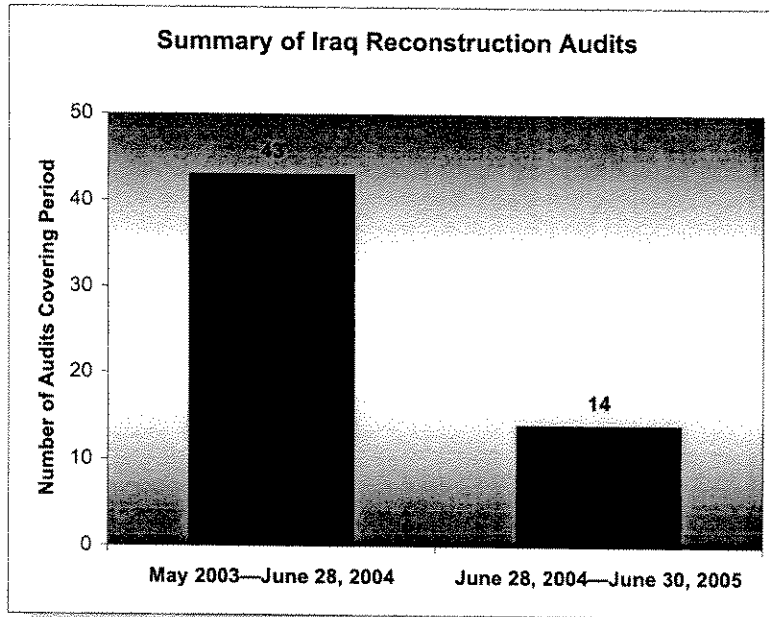


Figure J-1

Categorization of Audits According to IRRF Sector

The SIGIR classified each audit by its scope and the IRRF sector to which it relates. The SIGIR developed this alignment to understand whether the audits addressed the necessary elements of the Iraq reconstruction business environment. Using the categorization already performed under the Lessons Learned Initiative, the SIGIR divided the *scope* into these categories:

- Acquisition/Contracting, including procurement, definitization, administration, and closeout
- Financial Management, including funds management and cash management
- Logistics
- Human Resources
- Planning and Program Management
- Strategic Communications and Information Management

The SIGIR referenced the *Section 2207 Report* of the Department of State (DoS) to determine the appropriate sector categories for Iraq reconstruction efforts. The report defined these 11 *sectors*, with attached IRRF allocations, as of April 5, 2005:

- Security and Law Enforcement (\$5,036 million)
- Electric (\$4,308 million)
- Water Resources and Sanitation (\$2,157 million)
- Justice, Public Safety, and Civil Society (\$2,130 million)

- Oil Infrastructure (\$1,723 billion)
- Private Sector Development (\$860 million)
- Health Care (\$786 million)
- Transportation and Telecommunications (\$509 million)
- Education, Human Rights and Refugees, Governance (\$363 million)
- Roads, Bridges, and Construction (\$355 million)
- Administrative Expenses (\$213 million)

The SIGIR determined that an additional sector was necessary to supplement the *Section 2207 Report* sectors and created a Management Operations sector for this analysis.

The SIGIR categorized each completed audit using a single scope classification, and one or more sector classifications as appropriate. The SIGIR examined each audit and assigned the most appropriate scope, as well as all sectors to which the audit pertained. Table J-1 presents the aggregate view of the audit data.

Distribution of Iraq Reconstruction Audits, May 2003 – June 30, 2005										
IRRF Sector	Acquisition/ Contracting				Financial Management		Logistics	Human Resources	Planning/Program Management	Strategic Communications/ Information Management
	Procurement	Definition	Administration	Closeout	Funds Management	Cash Management				
May 2003 – June 28, 2004										
Security & Law Enforcement	2								3	
Electric									1	
Water Resources & Sanitation									2	
Justice, Public Safety, & Civil Society	1				1					
Oil Infrastructure	2									
Private Sector Development									3	
Health Care	1								2	
Transportation & Telecommunications	2						1		1	
Education, Human Rights & Refugees, Governance	2				2				5	2
Roads, Bridges, & Construction	2								2	
Administrative Expenses										
Management Operations*	6	1	6		3	5	2	1	4	
Subtotals	18	1	6	0	6	5	3	1	23	2
June 28, 2004 – June 30, 2005										
Security & Law Enforcement	2		1							
Electric									1	
Water Resources & Sanitation									1	
Justice, Public Safety, & Civil Society										
Oil Infrastructure										
Private Sector Development										
Health Care										
Transportation & Telecommunications										
Education, Human Rights & Refugees, Governance	1					1				
Roads, Bridges, & Construction										
Administrative Expenses										
Management Operations*	1		4		1	2		1	1	
Subtotals	4	0	5	0	1	3	0	1	3	0
Total Audits	22	1	11	0	7	8	3	2	26	2
*Not a Section 2207 Report sector.										
Note: A single audit could affect multiple IRRF sectors. In this case, it would be recorded in more than one row.										

Table J-1

The SIGIR arrayed this data by time and scope and then compared by business area the audit work performed before and after June 28, 2004. Figure J-2 presents the details of this comparison. The SIGIR observed that prior to the transfer of governance authority, the most audited business areas were Procurement and Planning/Management. After June 28, 2004, Procurement and Administration were the most audited business areas.

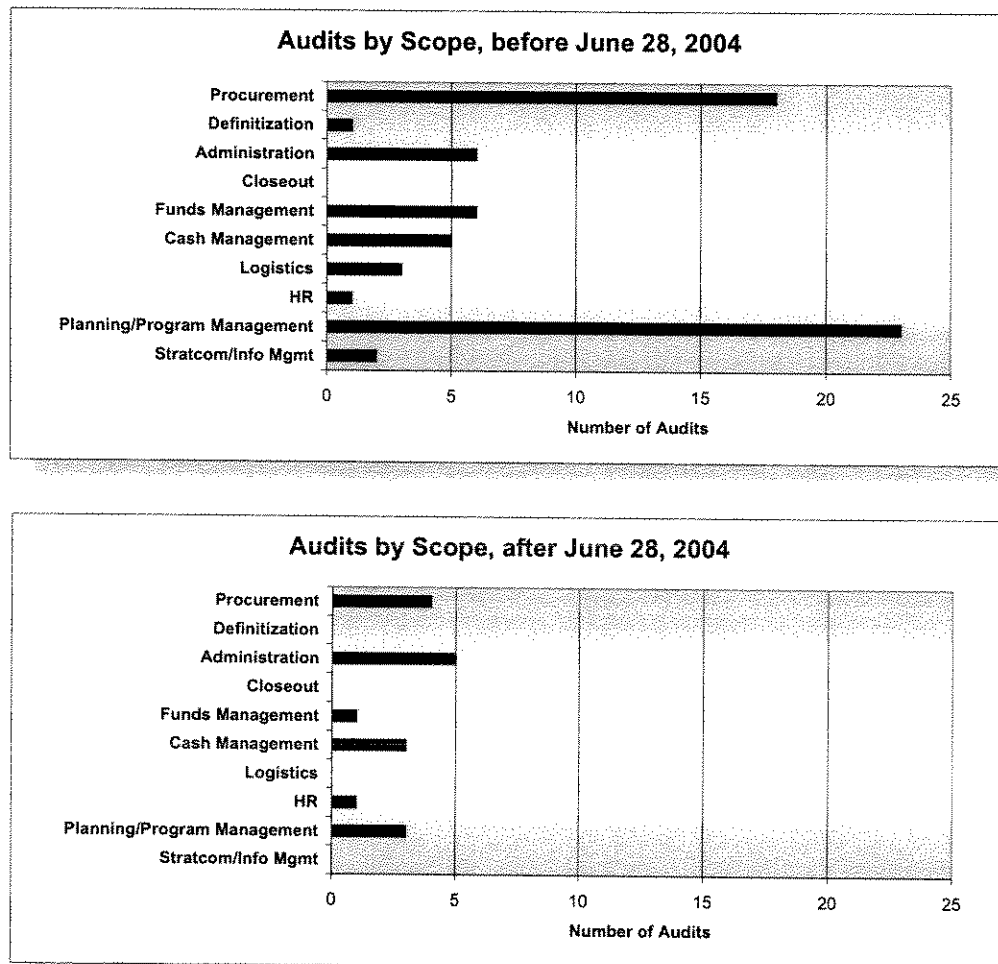


Figure J-2

The SIGIR also arrayed the data by time and sector and then compared audit work performed in each sector before and after June 28, 2004. Figure J-3 details the information that these preliminary observations are based on:

- There have been more audits of Management Operations than any other sector.
- Since May 2003, Education, Human Rights and Refugees, Governance is the second-most audited sector. After June 28, 2004, however, more audits have occurred in the Security and Law Enforcement sector.
- There have been no audits in the Administrative Expenses sector.

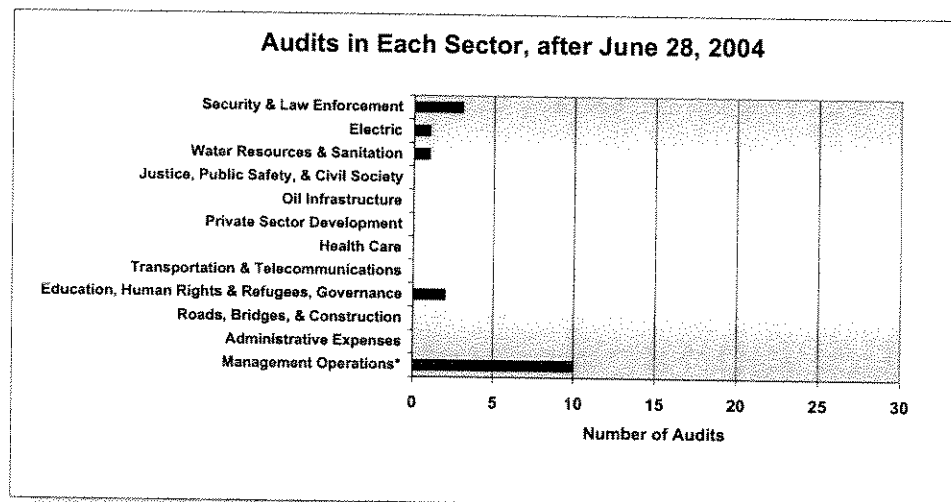
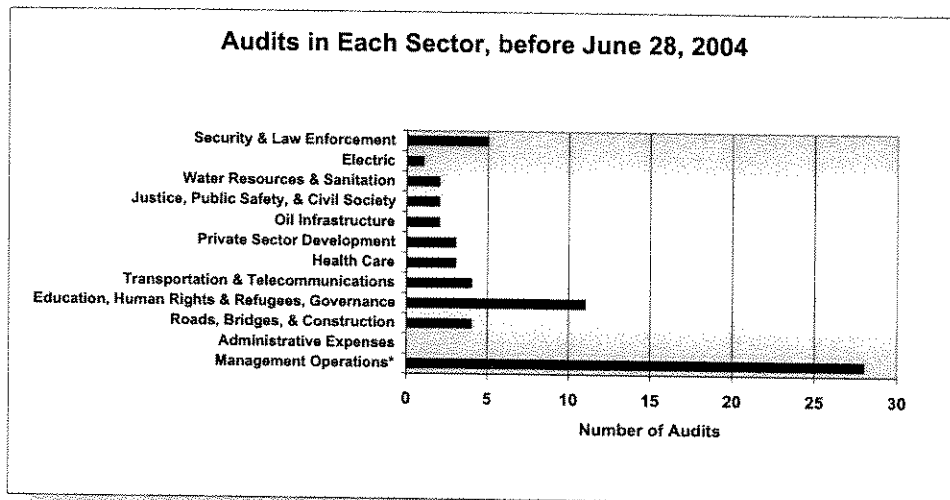


Figure J-3 *Not a Section 2207 Report sector.

Categorization of Audit Recommendations

The SIGIR also categorized audit recommendations. The SIGIR created these classifications to identify the type of recommendation being made:

- Add Staff
- Improve Contractor Oversight
- Develop New Procedures, Policies, Guidance, or Roles
- Follow Existing Procedures, Policies, or Guidance
- Improve Existing Procedures, Policies, or Guidance
- Initiate Inquiry, Reprimand
- Implement/Improve IT System

- Monitor, Cut Costs
- Verify Data
- Other

The SIGIR examined all of the audit recommendations from both periods and assigned a type to each recommendation. Table J-2 presents the results of this categorization.

Distribution of Iraq Reconstruction Audit Recommendations, May 2003 – June 30, 2005										
Audit Recommendations	Acquisition/ Contracting				Financial Management		Logistics	Human Resources	Planning/Program Management	Strategic Communications/ Information Management
	Procurement	Definitization	Administration	Closeout	Funds Management	Cash Management				
May 2003 – June 28, 2004										
Add Staff										
Improve Contractor Oversight		1	2							
Develop New Procedures, Policies, Guidance, or Roles	4		9		3	8			7	1
Follow Existing Procedures, Policies, or Guidance	2		5			2			1	
Improve Existing Procedures, Policies, or Guidance			4		2	3				
Initiate Inquiry/Reprimand	2		2						1	
Implement/Improve IT System										
Monitor/Cut Costs			7							
Verify Data									1	
Other	1		2							
<i>Subtotals</i>	9	1	31	0	5	13	0	0	10	1
June 28, 2004 – June 30, 2005										
Add Staff			1							
Improve Contractor Oversight										
Develop New Procedures, Policies, Guidance, or Roles			6			1			1	
Follow Existing Procedures, Policies, or Guidance	2		5			3				
Improve Existing Procedures, Policies, or Guidance	1									
Initiate Inquiry/Reprimand	1					1				
Implement/Improve IT System			4							
Monitor/Cut Costs			1							
Verify Data			3			1				
Other			2							
<i>Subtotals</i>	4	0	22	0	0	6	0	0	1	0
Total Recommendations	13	1	53	0	5	19	0	0	11	1

Table J-2

The SIGIR arrayed audit recommendations by business area to compare audit work performed both before and after June 28, 2004. The SIGIR made these preliminary observations:

- The largest number of audit recommendations, both before and after the transfer of governance authority, has been made in Contract Administration. The next highest number has been made in Cash Management.
- No audit recommendations have been made in Human Resources and Logistics.

Figure J-4 presents the data used to make these observations.

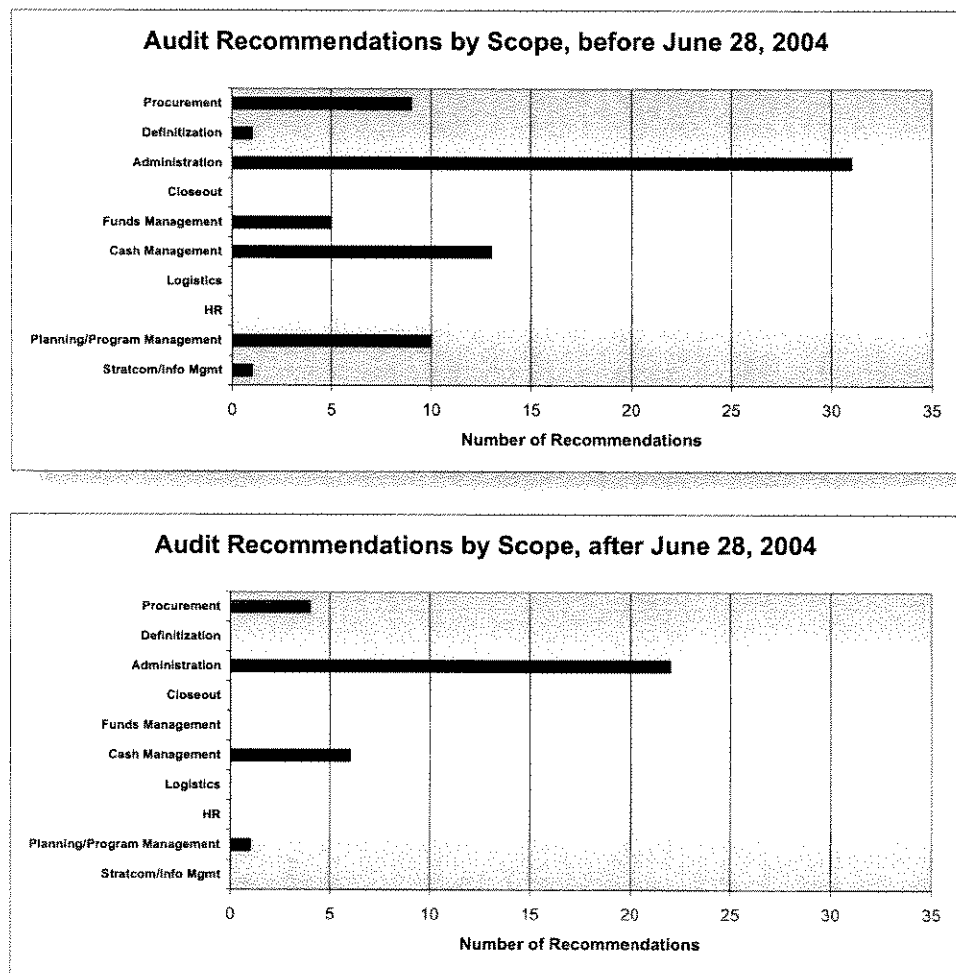


Figure J-4

The SIGIR arrayed audit recommendations by type to compare audit work performed both before and after June 28, 2004. The SIGIR observed that the number of recommendations on procedures, policy, and guidance covered 70% of the total number of recommendations.

Figure J-5 presents the data used to make these observations.

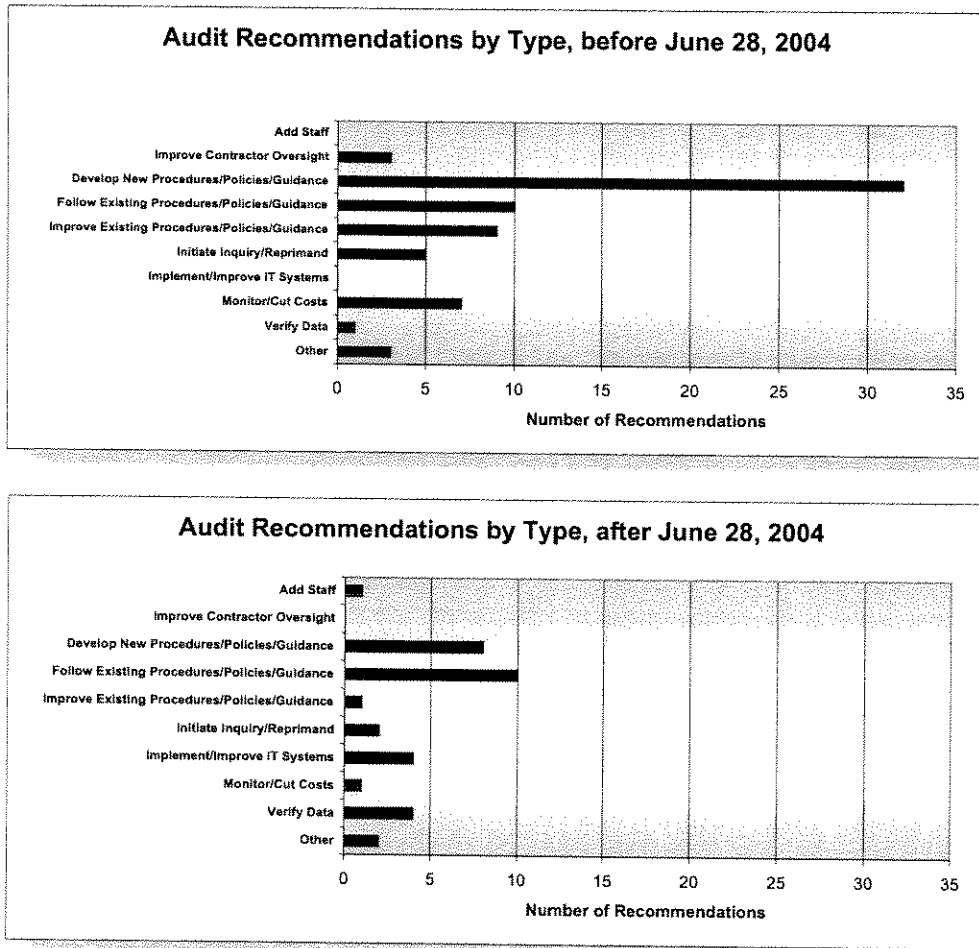


Figure J-5

Summary of U.S. Oversight Efforts in Iraq (As of June 30, 2005)

Agency	Report Number	Publication Date	Report Title	Objectives	Findings
1 DoD OIG	D-2004-057	18-Mar-04	Contracts Awarded for CPA by DCC-W	Examine contracting procedures used by DCC-W to award selected contracts for CPA.	DoD did not adequately plan for the acquisition support required by ORH/CPA to perform its mission. a. Did not establish firm contract requirements. b. Misused GSA schedules. c. Awarded personal services contracts prohibited by FAR. d. Allowed out-of-scope activity. e. Did not perform or support price reasonableness determinations. f. Conducted inadequate surveillance of awarded contracts.
2 DoD OIG	D-2005-045	9-May-05	Operations and Maintenance Funds for the FY 2004 Emergency Supplemental Appropriation Allocated to the Defense Logistics Agency	To evaluate accounting controls and procedures, as well as the validation and oversight of contingency operation costs incurred by DoD agencies supporting the Global War on Terrorism	Not Available (FOUO)
3 DoD OIG	D-2005-053	29-Apr-05	Operations and Maintenance Funds for the FY 2004 Emergency Supplemental Appropriation Allocated to the Defense Information Systems Agency	To evaluate accounting controls and procedures, as well as the validation and oversight of contingency operation costs incurred by DoD agencies supporting the Global War on Terrorism	Not Available (FOUO)
4 DoS OIG	AUD/CG-04-41	1-Jul-04	Fact Sheet on Iraqi National Congress Support Foundation	N/A	N/A
5 DoS OIG	AUD/CG-05-18	15-Feb-05	Survey of Department of State's Funding for Iraq	Identify and quantify funding received by DoS earmarked for Iraq. Ascertain methods or instruments used to convey funds, and compile inventory of auditable entities.	None
6 DoS OIG	AUD/IQO-04-47	01-Sep-04	Review of Department of State Procurement Competitions to Support the Iraqi Police Training Program	Review compliance with contract competition and award procedures associated with the Bureau for International Narcotics and Law Enforcement Affairs (INL) procurement actions supporting training Iraqi police.	1. Contracting personnel followed applicable regulations and procedures. 2. However, SOW for initial action did not accurately describe services required.
7 DoS OIG	AUD/IQO-04-48	1-Sep-04	Review of Cashiering Operations	Review Embassy's limited cashiering operations and specifically evaluate internal controls related to cashiering operation at U.S. Embassy, Baghdad including adequacy of funds advanced to cashier.	1. No formal agreement with DoD for services currently being performed by U.S. Army. 2. No policies/procedures for Embassy Baghdad/Iraqi Support Unit Amman coordination/support. 3. No full-time IM specialist dedicated to providing support to offices in chancery.

Summary of U.S. Oversight Efforts in Iraq (As of June 30, 2005)					
Agency	Report Number	Publication Date	Report Title	Objectives	Findings
8 DoS OIG	AUD/IQO-05-13	1-Jan-05	Agreed Upon Procedures of Daily Direct Labor, Aerial Support Equipment and Indirect Expense Rates Proposed by Blackwater Security Consultants, Incorporated, Contractor's Accounting System & Timekeeping Procedures	Definitization support to contract number S-AQMPD-04-D-0061 (BWSC).	1. Lack of time sheets, employee certification, and approval. 2. Lack of written procedures for time sheets. 3. Allocation of Indirect Costs. 4. Costs by Contract Lin Item - ODCs. 5. Payroll and Labor Recording. 6. Inadequate/unreliable data. 7. Inconsistencies between the Proposal and Accounting System.
9 DoS OIG	AUD/IQO-05-24	28-Mar-05	Agreed-Upon Procedures Review of Indirect Rates and Equipment Delivery Charge Proposed by [a Department Contractor] and Review of Accounting System	At the request of the Department, the DoS OIG performed this review.	1. The DoS OIG did not take exception to the proposed indirect rates or equipment delivery charge, but had reservations as to whether the equipment delivery charge was properly treated as an indirect expense. 2. The DoS OIG had similar reservations about treating the project management office as an indirect expense because the proposed staffing might not be consistent with the level of effort needed, which was not known at the time of the review. 3. The DoS OIG also found that the contractor did not have a contract cost accounting system in place.
10 DoS OIG	IBO/IQO-A-05-02	01-Oct-04	Review of Radio Sawa Support to Transition in Post-Saddam Iraq	1. Determine if USAID funds used effectively to enhance dissemination of humanitarian information. 2. Determine if BBG successfully launched three program components of interagency agreement: establishing stringer network, airing programs addressing humanitarian and reconstruction efforts, and conducting audience research.	1. BBG did not use funds to enhance dissemination of reports as expected and therefore, funding plan not completed. 2. BBG partially met the principal requirements of the interagency agreement: setting up a Radio Sawa stringer network in Iraq, broadcasting humanitarian programming, and initiating audience research. 3. BBG did not provide periodic performance reports or purchase specific equipment.
11 DoS OIG	ISP-IQO-05-53	1-Dec-04	Review of Off-Site Support to Embassy Baghdad	N/A	N/A
12 DoS OIG	ISP-IQO-05-57	1-Mar-05	Review of Staffing Embassy Baghdad	N/A	N/A
13 GAO	GAO-03-1088	1-Sep-03	MILITARY OPERATIONS Fiscal Year 2003 Obligations Are Substantial, but May Result in Less Obligations Than Expected	To examine the adequacy of funding for the Global War on Terrorism (GWOT), we reviewed: 1. The President's fiscal year 2003 budget request for supplemental appropriations. 2. Applicable laws and accompanying reports appropriating funds for GWOT. 3. DoD reports on the obligation of funds.	While funds obligated by DoD for GWOT, including the war with Iraq, in fiscal year 2003 are substantial—about \$39 billion through June 2003—the funds appropriated by Congress appear to be sufficient for fiscal year 2003, and some of the services may not obligate all of the funds they were appropriated for fiscal year 2003.

Summary of U.S. Oversight Efforts in Iraq (As of June 30, 2005)						
Agency	Report Number	Publication Date	Report Title	Objectives	Findings	
14 GAO	GAO-03-792R	23-Aug-04	Rebuilding Iraq	Based on others studies. Asks questions as to the oversight of Iraq Reconstruction.	N/A	
15 GAO	GAO-04-1006	14-Sep-04	Foreign Regimes' Assets	<p>1. This report describes the approach the U.S. government uses to recover foreign regimes' assets.</p> <p>2. Examines the challenges the United States faces in recovering foreign regimes' assets.</p> <p>3. Examines the mechanisms the United States has used to recover Iraqi assets and their applicability to future efforts.</p>	<p>1. U.S. agencies may not be able to readily obtain accurate and complete information on targeted entities, such as the spelling of names, addresses, and dates of birth. Financial institutions can also lack complete identifying information on their clients.</p> <p>2. The laws of some foreign governments complicate the ability of overseas branches of U.S. financial institutions to comply with OFAC regulations. In these situations, the U.S. government encourages the relevant foreign governments to allow U.S. financial institutions to freeze or transfer assets in a manner consistent with U.S. law or Treasury issues a license to allow U.S. financial institutions to comply with local laws.</p> <p>3. OFAC's ability to monitor financial institutions' compliance with its regulations is limited because it relies on financial regulators to monitor financial institutions' OFAC compliance programs.</p>	
16 GAO	GAO-04-1031	1-Sep-04	MILITARY PERSONNEL DoD Needs to Address Long-term Reserve Force Availability and Related Mobilization and Demobilization Issues	<p>This review specifically examined the extent to which:</p> <p>1. DoD's implementation of a key mobilization authority and personnel policies affect reserve force availability.</p> <p>2. The Army was able to execute its mobilization and demobilization plans efficiently.</p> <p>3. DoD can manage the health of its mobilized reserve forces.</p>	<p>1. DoD's implementation of a key mobilization authority to involuntarily call up reserve component members and personnel policies greatly affects the numbers of reserve members available to fill requirements.</p> <p>2. The Army was not able to efficiently execute its mobilization and demobilization plans, because the plans contained outdated assumptions concerning the availability of facilities and support personnel.</p>	
17 GAO	GAO-04-305R	18-Dec-03	Defense Logistics: Preliminary Observations on the Effectiveness of Logistics Activities during Operation Iraqi Freedom (Briefing)	To study a number of issues related to logistics support to deployed forces.	Although major combat operations during the initial phases of OIF were successful, our preliminary work indicated that there were substantial logistics support problems in the OIF theater.	

Summary of U.S. Oversight Efforts in Iraq (As of June 30, 2005)					
Agency	Report Number	Publication Date	Report Title	Objectives	Findings
18 GAO	GAO-04-484	1-Apr-04	OPERATION IRAQI FREEDOM Long-standing Problems Hampering Mail Delivery Need to Be Resolved	GAO was directed to review mail delivery to troops stationed in the Middle East. In this report, GAO assesses: 1. The timeliness of mail delivery to and from troops in Operation Iraqi Freedom. 2. How mail delivery issues and problems during this operation compared with those experienced during Operations Desert Shield/Storm in 1991. 3. Efforts to identify actions to resolve problems in establishing mail operations for future contingencies.	1. The timeliness of mail delivery to troops serving in Operation Iraqi Freedom cannot be accurately assessed because the Department of Defense (DoD) does not have a reliable, accurate system in place to measure timeliness. 2. In general, DoD's transit time and test letter data show that mail delivery fell within the current wartime standard of 12 to 18 days. However, the methodology used to calculate transit times significantly understated actual delivery times. 3. GAO conducted discussion groups with a non-representative sample of 127 service members who served in-theater. More than half reported they were dissatisfied with mail delivery, underscoring the negative impact it can have on troop morale.
19 GAO	GAO-04-559	1-Apr-2004	State Dept. Issues Affecting Iraq National Congress	GAO was asked to review: 1. The history of the Department of State's funding of INCSF broadcasting activities. 2. The key issues affecting State's funding decisions.	Through their inability to work together to restart Liberty TV, State and INCSF missed a chance to reach the Iraqi people at critical times prior to and during the March 2003 war in Iraq.
20 GAO	GAO-04-562T	24-Mar-04	MILITARY PREPOSITIONING Observations on Army and Marine Corps Programs During Operation Iraqi Freedom and Beyond (Testimony)	This testimony describes: 1. The performance and availability of Army and Marine Corps prepositioned equipment and supplies to support Operation Iraqi Freedom (OIF). 2. Current status of the stocks and plans to reconstitute them. 3. Key issues facing the military as it reshapes these programs to support DoD's force transformation efforts.	1. The importance of prepositioned stocks was dramatically illustrated during OIF. While they faced some challenges, the Army and Marine Corps relied heavily on prepositioned combat equipment and supplies to decisively defeat the Iraqi military. They both reported that prepositioned stocks were a key factor in the success of OIF. 2. Much of the prepositioned equipment is still being used to support continuing operations in Iraq. In the near term, the Army and Marines must necessarily focus on supporting ongoing OIF operations. While waiting to reconstitute its program, the Army also has an opportunity to address shortfalls and modernize remaining stocks.
21 GAO	GAO-04-579T	18-Mar-04	Recovering Iraq's Assets	N/A	N/A

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22	GAO-04-605	1-Jun-04	Rebuilding Iraq	GAO determined whether agencies had complied with competition requirements in awarding new contracts and issuing task orders and evaluated agencies' initial efforts in carrying out contract administration tasks.	1. Agencies used sole-source or limited competition approaches to issue new reconstruction contracts, and when doing so, generally complied with applicable laws and regulations. 2. Agencies did not, however, always comply with requirements when issuing task orders under existing contracts.
23	GAO-04-651T	7-Apr-2004	UNITED NATIONS Observations on the Oil for Food Program	1. GAO reports on its estimates of the revenue diverted from the program. 2. Provides preliminary observations on the program's administration. 3. Describes some challenges in its transfer to the CPA. 4. Discusses the challenges Iraq faces as it assumes program responsibility.	Inadequate oversight and corruption in the Oil for Food Program raise concerns about the Iraqi government's ability to import and distribute Oil for Food commodities and manage at least \$32 billion in expected donor reconstruction funds.
24	GAO-04-668	1-May-04	MILITARY OPERATIONS DoD's Fiscal Year 2003 Funding and Reported Obligations in Support of the Global War on Terrorism	This report continues the review of fiscal year 2003 by analyzing obligations reported in support of the Global War on Terrorism and reviews whether the amount of funding received by the military services was adequate to cover DoD's obligations for the war from October 1, 2002, through September 30, 2003. GAO will also review the war's reported obligations and funding for fiscal year 2004.	In fiscal year 2003, DoD reported obligations of more than \$61 billion in support of the Global War on Terrorism. GAO's analysis of the obligation data showed that 64 percent of fiscal year 2003 obligations reported for the war on terrorism went for Operation Iraqi Freedom; among the DoD components, the Army had the most obligations (46 percent), and among appropriation accounts the operation and maintenance account had the highest level of reported obligations (71 percent).
25	GAO-04-730T	28-Apr-2004	UNITED NATIONS Observations on the Management and Oversight of the Oil for Food Program	1. GAO reports on its estimates of the illegal revenue acquired by the former Iraqi regime in violation of UN sanctions. 2. Provides observations on program administration. 3. Describes the challenges facing the CPA and the Iraqi government in administering remaining contracts. 4. Discusses potential issues for further investigation.	Summaries of internal audit reports pointed to some concerns regarding procurement, coordination, monitoring, and oversight and concluded that OIP had generally responded to audit recommendations.
26	GAO-04-746R	25-May-04	Iraq Transitional Law	Review the following: 1. The time frames and Iraqi governmental structures established by the transitional law. 2. Arrangements in the law for the U.S.-led multinational force, Iraqi security forces, and militias. 3. Mechanisms in the law for resolving disputes over property and territories within Iraq.	1. The transitional law does not specify how the interim government is to be formed or structured, but states that the interim government will govern in accordance with an annex to be developed. 2. The transitional law contains some provisions addressing two of the key challenges facing the interim and transitional governments—maintaining a unified Iraq and Iraq's Transitional Law ensuring its security—but many issues remain open.

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27	GAO-04-831R	27-May-2004	Financial Services: Post-hearing Questions Regarding Recovering Foreign Regimes' Assets (Testimony)	N/A	N/A	
28	GAO-04-854	1-Jul-2004	MILITARY OPERATIONS DoD's Extensive Use of Logistics Support Contracts Requires Strengthened Oversight	1. As requested, GAO assessed DoD's planning in its use of logistics support contracts in contingency operations; determined whether DoD has had contract oversight processes that are adequate to ensure that quality services were provided in an economical and efficient manner. 2. Assessed the extent to which DoD provided trained personnel qualified to oversee its contractors	1. The effectiveness of DoD's planning to use the logistics support contracts during contingency operations varies widely between the commands that use them and the contracts themselves. 2. DoD's contract oversight processes were generally good, although there is room for improvement. 3. DoD did not have sufficient numbers of trained personnel in place to provide effective oversight of its logistics support contractors.	
29	GAO-04-869T	15-Jun-04	Contract Management (Testimony)	N/A	N/A	
30	GAO-04-880T	16-Jun-2004	UNITED NATIONS Observations on the Oil for Food Program and Iraq's Food Security	1. GAO reports on its estimates of the illegal revenue acquired by the former Iraqi regime in violation of UN sanctions. 2. Provides observations on program administration. 3. Describes the current and future challenges in achieving food security.	Evolving policy and implementation decisions on the food distribution system and the worsening security situation have affected the movement of food commodities within Iraq.	
31	GAO-04-902R	1-Jun-04	Rebuilding Iraq	This report focuses on issues associated with resources, security, governance, and essential services.	1. Several key challenges will affect the political transition, the pace and cost of reconstruction, and the type of assistance provided by the international community. These include the unstable security environment, the evolving capacity of the Iraqi institutions to govern and secure the country, the availability and coordination of international assistance, and the need for adequate oversight. 2. Given the instability and uncertainty in Iraq, there are also questions about what options and contingency plans are being developed to address these ongoing and future challenges.	

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32 GAO	GAO-04-915	1-Jul-04	MILITARY OPERATIONS Fiscal Year 2004 Costs for the Global War on Terrorism Will Exceed Supplemental, Requiring DoD to Shift Funds from Other Uses	1. GAO reviewed the adequacy of current funding for fiscal year 2004 war-related activities. 2. Actions DoD is undertaking to cover anticipated shortfalls, if any. 3. GAO is also making observations on efforts to require greater accountability to the Congress on the use of funds appropriated to DoD for contingency operations.	1. GAO's analysis suggests that anticipated costs will exceed the supplemental funding provided for the war by about \$12.3 billion for current FY. 2. DoD and the services are taking a variety of actions to cover anticipated shortfalls in their war-related funding. These actions include taking steps to reduce costs, transferring funds among appropriations accounts, and deferring some planned activities to use those funds to support the war. 3. GAO's past work has shown that current cost reporting includes large amounts of funds that have been reported as obligated in miscellaneous categories and thus provide little insight on how those funds have been spent.
33 GAO	GAO-04-953T	8-Jul-2004	UNITED NATIONS Observations on the Oil for Food Program and Areas for Further Investigation	1. GAO reports on estimates of the illegal revenue acquired by the former Iraqi regime in violation of UN sanctions. 2. Provides some observations on the administration of the program. 3. Suggests areas for additional analysis and summarizes the status of several ongoing investigations.	Ongoing investigations of the Oil for Food Program may wish to further examine how the structure of the program enabled the Iraqi government to obtain illegal revenues, the role of member states in monitoring and enforcing the sanctions, actions taken to reduce oil smuggling, and the responsibilities and procedures for assessing price reasonableness in commodity contracts.
34 GAO	GAO-05-120	1-Nov-04	DEFENSE HEALTH CARE Force Health Protection and Surveillance Policy Compliance Was Mixed, but Appears Better for Recent Deployments	GAO was asked in November 2003 to also determine: 1. The extent to which the services met DoD's policies for Operation Iraqi Freedom (OIF) and, where applicable, compare results with OEF/OJG. 2. What steps DoD has taken to establish a quality assurance program to ensure that the military services comply with force health protection and surveillance policies.	1. Overall compliance with DoD's force health protection and surveillance policies for service members that deployed in support of OIF varied by service, installation, and policy requirement. 2. Overall, Army and Air Force compliance for sampled service members for OIF appears much better compared to OEF and OJG. 3. The Marine Corps installations examined generally had lower levels of compliance than the other services; however, GAO did not review medical records from the Marines or Navy for OEF and OJG. 4. In January 2004, DoD established an overall deployment quality assurance program for ensuring that the services comply with force health protection and surveillance policies, and implementation of the program is ongoing.
35 GAO	GAO-05-125	1-Feb-05	MILITARY PAY Gaps in Pay and Benefits Create Financial Hardships for Injured Army National Guard and Reserve Soldiers	1. Provide perspective on the nature of pay deficiencies in the key areas of overall environment and management controls, processes, and systems. 2. GAO also assessed whether recent actions the Army has taken to address these problems will offer effective and lasting solutions.	1. Injured and ill Reserve component soldiers—who are entitled to extend their active duty service to receive medical treatment—have been inappropriately removed from active duty status in the automated systems that control pay and access to medical care. 2. The Army's process for extending active duty orders for injured soldiers lacks an adequate control environment and management controls.

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36	GAO	GAO-05-201	1-Apr-05	INTERAGENCY CONTRACTING Problems with DoD's and Interior's Orders to Support Military Operations	We reviewed the process that the Department of Defense (DoD) used to acquire interrogation and certain other services through the Department of the Interior to support military operations in Iraq. On behalf of DoD, Interior issued 11 task orders, valued at more than \$66 million, on an existing contract.	<ol style="list-style-type: none"> 1. DoD, faced with an urgent need for interrogation and other services in support of military operations in Iraq, turned to the Department of the Interior for contracting assistance. Numerous breakdowns occurred in the issuance and administration of the orders for these services. 2. A lack of effective management controls—in particular insufficient management oversight and a lack of adequate training—led to the breakdowns. 3. In response to the above concerns, Interior and DoD have taken actions to strengthen management controls.
37	GAO	GAO-05-233	1-Feb-05	Progress in Implementing the Services Acquisition Reform Act (SARA)	GAO was asked to report on progress in implementing SARA's provisions.	<ol style="list-style-type: none"> 1. Just over a year after the enactment of SARA, progress made on regulations, guidance, and other implementing actions varies. 2. While nearly all the key provisions of SARA are being implemented, some provisions are further along than others.
38	GAO	GAO-05-275	1-Apr-05	DEFENSE LOGISTICS Actions Needed to Improve the Availability of Critical Items during Current and Future Operations	<ol style="list-style-type: none"> 1. Assessing what supply shortages were experienced by U.S. forces in Iraq between October 2002 and September 2004 and what impact the shortages had on their operations. 2. What primary deficiencies in the supply system contributed to any identified supply shortages. 3. What actions DoD has taken to improve the timely availability of supplies for current and future operations. 	<ol style="list-style-type: none"> 1. U.S. troops experienced shortages of seven of the nine items GAO reviewed. 2. The documented impact of these shortages varied between combat units. 3. GAO identified five systemic deficiencies that contributed to shortages of the reviewed items, including inaccurate Army war reserve spare parts requirements and ineffective distribution.
39	GAO	GAO-05-280R	29-Apr-05	Defense Base Act Insurance: Review Needed of Cost and Implementation Issues	<p>The objectives of the review were to:</p> <ol style="list-style-type: none"> 1. Identify the cost to the U.S. government of insurance coverage purchased under DBA. 2. To assess the act's implementation. 	<ol style="list-style-type: none"> 1. It is difficult to determine whether all DBA insurance is purchased in a cost-effective manner or if agencies' implementation challenges hinder their effectiveness in providing workers' compensation coverage under DBA. 2. Lack of reliable information on numbers of contractors and cost of DBA insurance restricts the ability of agencies to make informed decisions on purchasing strategies for DBA. 3. Additionally, confusion over when DBA applies and difficulty in enforcing DBA and processing claims remain largely unresolved problems, despite actions taken by agencies. 4. Finally, new challenges, such as growing numbers of contractors, have arisen since 1941, when DBA was passed.

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40 GAO	GAO-05-293	1-May-05	DEFENSE MANAGEMENT Processes to Estimate and Track Equipment Reconstitution Costs Can Be Improved	GAO reviewed this process for the fiscal year 2004 supplemental budget to determine 1. The extent to which the process produced reliable estimates of reconstitution requirements in the fiscal year 2004 supplemental budget. 2. Whether DoD is accurately tracking and reporting reconstitution costs.	1. DoD's two-phased process to develop its fiscal year 2004 equipment reconstitution cost estimates contained weaknesses that produced errors which may result in misstatements of future-year reconstitution cost requirements. 2. The model DoD used to estimate costs in the first phase of the process generated unreliable estimates. DoD has not accurately tracked and reported its equipment reconstitution cost because the services are unable to segregate equipment reconstitution from other maintenance requirements as required.
41 GAO	GAO-05-328	17-Mar-05	Defense Logistics-LOGCAP	This report assesses the extent to which the Army is taking action to improve the management and oversight of LOGCAP and whether further opportunities for using this contract effectively exist.	1. First, although DoD continues to agree with our July 2004 recommendation to create teams of subject matter experts to review contract activities for economy and efficiency, it has not done so yet because the need to respond to statutory requirements took precedence. 2. The second area needing attention is the coordination of contract activities between DoD components involved with using LOGCAP.
42 GAO	GAO-05-346T	15-Feb-05	UNITED NATIONS Oil for Food Program Audits	1. GAO provides information on United Nations' Office of Internal Oversight Services (OIOS) background, structure, and resources. 2. Highlights the findings of the internal audit reports. 3. Discusses limitations on the audits' coverage.	1. OIOS' audits and summary reports revealed deficiencies in the management and internal controls of the Oil for Food Program. However, OIOS did not examine certain headquarters functions—particularly OIP's oversight of the contracts for central and southern Iraq that accounted for 59 percent or almost \$40 billion in Oil for Food proceeds. 2. UN management and the Office of the Iraq Program prevented OIOS from reporting its audit results directly to the Security Council.
43 GAO	GAO-05-392T	2-Mar-05	UNITED NATIONS Sustained Oversight Is Needed for Reforms to Achieve Lasting Results	GAO provides observations on areas for UN reform based on the 2004 report and continuing review of the Oil for Food program, including the analysis of internal audit reports and other documents	1. The United Nations needs sustained oversight at all levels of the organization to achieve lasting results on its reform agenda. 2. At the program level, management reviews that compare actual performance to expected results are critical elements of effective oversight and accountability. 3. A strong internal audit function provides additional oversight and accountability through independent assessments of UN activities, as demonstrated by audits of the UN Oil for Food program.

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44 GAO	GAO-05-431T	14-Mar-05	Challenges in Transferring Security Responsibilities	1. GAO provides preliminary observations on the strategy for transferring security responsibilities to Iraqi military and police forces. 2. The data on the status of forces. 3. Challenges that the Multi-National Force in Iraq faces in transferring security missions to these forces.	1. The multinational force is taking steps to address these challenges, such as developing a system to assess unit readiness and embedding U.S. forces within Iraqi units. 2. However, without reliable reporting data, a more capable Iraqi force, and stronger Iraqi leadership, the Department of Defense faces difficulties in implementing its strategy to draw down U.S. forces from Iraq.
45 GAO	GAO-05-680R	27-Jun-05	Opportunities Exist to Improve Future Comprehensive Master Plans for Changing U.S. Defense Infrastructure Overseas	This report discusses the extent to which: 1. OSD has provided sufficient guidance to overseas regional commands to meet the reporting requirements contained in congressional mandates and as suggested by GAO 2. Overseas regional commands complied with the reporting requirements and in doing so, provided information in a complete, clear, and consistent manner. 3. Whether improvements in guidance and reporting were needed.	1. The scope of OSD's guidance issued to date generally exceeded the reporting requirements established by Congress for the comprehensive master plans and included most additional reporting elements previously recommended, except for residual value. 2. The overseas regional commands generally complied with the reporting requirements defined by OSD, and by extension of Congress, but varied in the extent to which they provided complete, clear, and consistent information in their master plans.
46 GAO	GAO-05-79	1-Jan-05	ARMY NATIONAL GUARD Inefficient, Error-Prone Process Results in Travel Reimbursement Problems for Mobilized Soldiers	GAO was asked to determine 1. The impact of the recent increased operational tempo on the process used to reimburse Army Guard soldiers for travel expenses and the effect that travel reimbursement problems have had on soldiers and their families. 2. The adequacy of the overall design of controls over the processes, human capital, and automated systems relied on for Army Guard travel reimbursements. 3. Whether the Department of Defense's (DoD) current efforts to automate its travel reimbursement process will resolve the problems identified.	1. Mobilized Army Guard soldiers have experienced significant problems getting accurate, timely, and consistent reimbursements for out-of-pocket travel expenses. 2. Guard soldiers in our case study units reported a number of problems they and their families endured due to delayed or unpaid travel reimbursements, including debts on their personal credit cards, trouble paying their monthly bills, and inability to make child support payments. 3. With respect to human capital, GAO found a lack of oversight and accountability and inadequate training.
47 SIGIR	04-001	25-Jun-2004	Coalition Provisional Authority Coordination of Donated Funds	Determine whether the CPA processes by which reconstruction priorities are established and approved provide adequate transparency and coordination in the allocation of donated funds to the reconstruction of Iraq.	1. No process developed for tracking or coordinating internationally funded projects with other CPA reconstruction efforts. 2. There was little guidance provided to the Iraq ministries on maintaining adequate supporting documentation that describe the reconstruction efforts to be funded from donated funds.

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48 SIGIR	04-002	25-Jun-2004	Management of Personnel Assigned to the CPA in Baghdad	Determine whether CPA had control over and insight into the number of civilians assigned to CPA in Baghdad, including both U.S. Government and contractor personnel and whether there were lessons to be learned from CPA's management of civilian personnel in a post-war coalition environment.	1. CPA/HRM-Forward did not have accurate account of civilian personnel assigned to its operations. 2. Factors inhibiting accurate information A. Existence of multiple entry POE into CPA Baghdad, B. Failure of organizations within CPA to follow published procedures regarding in/out-processing, C. Short-term nature of assignments, D. Absence of interlinked civilian personnel database.
49 SIGIR	04-003	25-Jun-2004	Federal Deployment Center Forward Operations at the Kuwait Hilton	Determine whether the CPA efficiently and effectively operated FDC-Forward. Specifically, objectives were to: 1. Determine whether FDC-Forward met the purpose for which it was established by Department of Army Execution Order. 2. Established policy to limit the use of FDC-Forward facility to authorized personnel.	1. FDC-Forward met purpose established by DAEO. 2. No CPA policy existed for usage leading to inefficient use of CPA resources. Specifically, CPA failed to: A. Provide adequate oversight of operations to ensure cost limited to authorized users. B. Establish defined policy identifying persons eligible to use FDC facilities.
50 SIGIR	04-004	28-Jul-2004	Task Orders Awarded by the Air Force Center for Environmental Excellence (AFCEE) in Support of CPA	Evaluate policies and procedures used by the CPA, the CPA Program Management Office (PMO), and AFCEE to award Iraqi reconstruction task orders under the AFCEE Indefinite Delivery/Indefinite Quantity (ID/IQ) contracts. Specifically, we evaluated those policies and procedures associated with acquisition planning, source selection, use of free and open competition, and contract negotiation.	1. AFCEE's role has expanded beyond the original role envisioned by DoD and the CPA which was the urgent reconstruction supporting the New Iraqi Army (\$238.6M). 2. AFCEE has awarded \$439M in task orders supporting NIA and also awarded 3 T/Os (\$42M) unrelated to NIA support.
51 SIGIR	04-005	23-Jul-2004	Award of Sector Design-Build Construction Contracts	Evaluate procedures used when awarding sector contracts. Specifically, evaluate whether competitive procedures used to award contracts to rebuild Iraqi infrastructure.	Except that competition generally limited to designated countries, DoD Components used competitive procedures required by FAR to award Design-Build contracts for each sector.
52 SIGIR	04-006	21-Jul-2004	Corporate Governance for Contractors Performing Iraq Reconstruction Efforts	Determine adequacy and effectiveness of corporate self-governance programs of contractors awarded contracts on task orders funded by the "Emergency Supplemental Appropriations Act for the Defense and Reconstruction of Iraq."	Review of five major contracts reveal that viable programs exist at each of those contractors.

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53	SIGIR	04-007	26-Jul-2004	Oil for Food Cash Controls for the Office of Project Coordination in Erbil, Iraq	Determine if CPA established and implemented appropriate policies and procedures for accounting, controlling, and monitoring the transfer of \$1.5B in cash to the Kurdish Regional Government as part of OFF program	1. CPA did establish and implement appropriate policies and procedures for accounting, controlling and monitoring transfer of cash to the Kurdish areas. 2. However, CPA did not obtain, validate, review, and approve cash transfer procedures for using foreign-national couriers to transfer cash w/in Erbil.
54	SIGIR	04-008	30-Jul-2004	CPA Control Over Seized and Vested Assets	Determine whether the CPA implemented effective safeguards to ensure accountability and control for the seized and vested assets. Specifically, the objectives were to determine whether the CPA had adequate and effective policies and procedures in place to prevent fraud, waste, and abuse in the management of seized and vested funds; in the allocation, distribution, and controls of Iraqi non-cash assets; and whether all seized and vested assets were used for the benefit of the Iraqi people.	Facilities Management Office personnel did not adequately manage, secure, and safeguard non-cash assets in compliance w/CPA established policies and procedures. Inventory was not performed to determine non-cash assets in CPA custody.
55	SIGIR	04-009	28-Jul-2004	Coalition Provisional Authority Comptroller Cash Management Controls Over DFI	Determine whether CPA instituted and used appropriate policies and procedures in accounting for, handling, monitoring and controlling cash.	CPA created policies that did not establish effective funds control and accountability over \$600M in DFI funds held as cash. Specifically: 1. Proper cash accountability was not maintained. 2. Physical security was inadequate. 3. Fund agent records were not complete. 4. Fund managers' responsibilities and liabilities were not properly assigned.
56	SIGIR	04-011	26-Jul-2004	Audit of Accountability and Control of Materiel Assets of the Coalition Provisional Authority in Baghdad	Evaluate the effectiveness of policies, procedures, and property accountability measures used to account for and control materiel at CPA branch offices, headquarters, and warehouse locations.	1. Inadequate/missing property accounting procedures in place. Specifically, KBR could not account for 34% of property items surveyed. Furthermore 6.9% of property items on hand were not recorded on hand receipts and 28.8% hand receipts were either not on file or had not been prepared. 2. KBR did not effectively manage government property as it did not properly control CPA property items and its property records were not sufficiently accurate or available to account for CPA equipment items. 3. Project that property valued at more than \$18.6M was not accurately accounted for.

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57	SIGIR	04-013	27-Jul-2004	Coalition Provisional Authority's Contracting Processes Leading Up To and Including Contract Award	Evaluate the procedures used by the CPA Contracting Activity to award contracts. Specifically, evaluate policies and procedures associated with acquisition planning, source selection, use of competition, and contract negotiations.
58	SIGIR	05-001	22-Oct-2004	Coalition Provisional Authority Control of Appropriated Funds	Examine whether processes used to identify, review, and validate requirements were reasonable and supportable.
59	SIGIR	05-002	25-Oct-2004	Accountability and Control of Materiel Assets of the Coalition Provisional Authority in Kuwait	Evaluate the effectiveness of policies, procedures, and property accountability measures used to account for and control materiel at CPA branch offices, headquarters, and warehouse locations.
60	SIGIR	05-003	23-Nov-2004	Final Memo Report-Task Order 0044	Determine whether CPA management efficiently and effectively managed the LOGCAP III contract to provide for logistics and life support for personnel assigned to the CPA mission.
61	SIGIR	05-004	30-Jan-2005	Oversight of Funds Provided to Iraqi Ministries through the NBP	Determine whether the CPA established and implemented adequate managerial, financial, and contractual controls over DFI disbursements provided to interim Iraqi ministries through the national budget process.

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62	SIGIR 05-005	20-Apr-2005	Compliance with Contract No. W91150-04-C-0003 Awarded to Aegis Defence Services Limited	Determine whether the contractor is complying with the terms of the contract. Specifically, determine whether the contractor is providing adequate services, valid documentation, and proper invoices as required in the contract.	<p>1. Aegis did not fully comply with all requirements in five areas of the contract. Specifically, Aegis did not provide sufficient documentation to show that all of its employees who were issued weapons were qualified to use those weapons or that its Iraqi employees were properly vetted to ensure they did not pose an internal security threat.</p> <p>2. Also, Aegis was not fully performing several specific responsibilities required by the contract in the areas of personal security detail qualifications, regional operations centers, and security escorts and movement control.</p> <p>3. Further, we identified deficiencies in the monitoring of the contract by the Project and Contracting Office (PCO).</p>
63	SIGIR 05-006	30-Apr-2005	Control of Cash Provided to South Central Iraq	Determine whether disbursing officers in selected locations in southern Iraq complied with applicable guidance and properly controlled and accounted for DFI cash assets and expenditures.	<p>1. The DFI Account Manager's office did not maintain full control and accountability for approximately \$119.9 million of DFI cash issued to South-Central Region paying agents in support of RRRP projects.</p> <p>2. South-Central Region paying agents and the DFI Account Manager cannot properly account for or support \$96.6 million in cash and receipts.</p>
64	SIGIR 05-007	30-Apr-2005	Administration of IRRF Contract Files	Evaluate whether contracts awarded by the PCO for Iraq relief and reconstruction efforts contain adequately prepared statements of work, clearly negotiated contract terms, and specific contract deliverables.	<p>1. The 37 contracts and associated contract files reviewed at PCO CA, valued at more than \$184 million, were not being adequately maintained to fully support transactions relating to the performance of contract administration processes.</p> <p>2. Further, the PCO CA could not produce 21 percent, or 10 of the 48 randomly selected contract files for review.</p>
65	SIGIR 05-008	30-Apr-2005	Administration of Contracts Funded by DFI	Determine whether the PCO complied with the Minister of Finance, Iraqi Interim Government, memorandum, "Administration of Development Fund for Iraq (DFI)-Funded Contracts," June 15, 2004. Specifically, determine whether the Director, PCO, effectively implemented the assigned responsibilities under the Memorandum to monitor and confirm contract performance, certify and/or make payments, and administer contracts or grants funded with monies from the DFI.	<p>1. The PCO did not fully comply with the requirements described in the memorandum from the Iraqi Interim Government Minister of Finance to the Director, PMO, to monitor DFI contract administration.</p> <p>2. The PCO and the JASG-C Comptroller could not accurately identify the current value of obligations, payments, and unpaid obligations for DFI contracts. However, cash payments appeared to be made in a timely manner.</p> <p>3. Additionally, the PCO lacked the necessary controls and adequate documentation to effectively perform its responsibilities to monitor and administer contracts funded by the DFI.</p>

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66 USAAA	A-2004-0305-FFG	18-May-04	Time Sensitive Report, Audit of Vested and Seized Assets, Operation Iraqi Freedom	Audit concerning accountability over non-cash assets. Specifically: 1. Were adequate procedures and controls in place and operating to properly secure and account for vested and seized assets in a manner consistent with appropriated fund accounting. 2. Did adequate audit trails exist to support on hand balance of vested and seized asset accounts.	Serious problems exist with accountability and security of non-cash seized assets: 1. CPA did not maintain adequate controls to ensure accountability. 2. DoD guidance regarding accountability of seized assets not followed.
67 USAAA	A-2004-0438-AML	12-Aug-04	Definitization of Task Orders for LOGCAP	Evaluate overall management of contracts under LOGCAP. Specifically, evaluate timeliness of definitization of task orders under LOGCAP.	1. Concluded definitization of TOs for Contract Number DAAA09-02-D-0007 was not timely. 2. Establishment of the definitization office greatly improved the controls. 3. However, the process of the contractor submitting the cost proposals needed to be improved.
68 USAAA	A-2004-AMA-0606.000	26-May-05	Project Management Support of Iraq Reconstruction	The overall objective is to determine if the Army and the PCO have put controls and sound business processes in place to mitigate previously identified high-risk areas.	1. We found that the Army and the PCO have put many controls in place to mitigate previously identified high-risk areas. However, additional actions are needed to strengthen controls. 2. Although the PCO established controls for monitoring and measuring obligations, additional controls were needed to account for all DoD obligations and to measure the progress of the FY 04 IRRF program. 3. The PCO established controls to help definitize contracts in a timely manner, but those controls weren't fully effective. 4. The PCO's controls for using program management support contractors were generally effective, but additional controls were needed to reduce the risk associated with (i) contractors performing inherently governmental functions, (ii) real or perceived conflicts of interests with contractors overseeing contractors, and (iii) award fee plans.
69 USAAA	A-2005-0043-ALE	24-Nov-04	LOGCAP Kuwait	1. To evaluate the overall management of the LOGCAP contract. 2. To evaluate the procedures in place to control costs under LOGCAP contracts. 3. To evaluate the management of assets used in conjunction with LOGCAP contracts—assets contractors acquired and assets the government provided to contractors.	1. The contract for LOGCAP needed better management. 2. Controls over contract costs needed improvement during task order planning. Costs could have been reduced by at least \$40M. 3. The Army didn't fully account for more than \$77 million worth of government-furnished property used in conjunction with the contract.

Summary of U.S. Oversight Efforts in Iraq (As of June 30, 2005)						
Agency	Report Number	Publication Date	Report Title	Objectives	Findings	
70 USAAA	A-2005-0078-FFG	2-Mar-05	Coalition Provisional Authority Travel Procedures	<ol style="list-style-type: none"> 1. Were appropriate management controls over the travel process from order generation to voucher settlement in place and operating. 2. Were fund control procedures adequate to ensure obligations were complete and accurate, and disbursements were made in a timely manner to clear unliquidated obligations. 3. Did the plan to transition the travel functions of the CPA Representative to other agencies on June 30, 2004 provide sufficient detail and coverage to minimize any disruption in support to CPA personnel and to close out open actions. 	<ol style="list-style-type: none"> 1. Management controls not always in place/operating. 2. Identified three control weaknesses related to travel voucher processing. 3. Fund control procedures not adequate to ensure complete and accurate accounting records for obligations and disbursements. Accounting records were incomplete/contained errors. 4. Transition planned was prepared and in sufficient detail. 	
71 USAAA	A-2005-0095-FFG	16-Feb-05	Vested and Seized Assets, Operation Iraqi Freedom	<ol style="list-style-type: none"> 1. Were adequate procedures and controls in place and operating to properly secure and account for vested and seized assets. 2. Did adequate audit trails exist to support the onhand balance of the vested and seized asset accounts. 	<ol style="list-style-type: none"> 1. U.S. did properly secure and account for seized cash and metal bars. 2. CPA did not maintain adequate controls over non-cash belongings. 3. Adequate audit trails did not exist 	
72 USAAA	A-2005-ALE-0191.000	26-May-05	Commanders' Emergency Response Program (CERP) and Quick Response Fund (QRF)	<ol style="list-style-type: none"> 1. Were funds for the CERP and the QRF received, accounted for, and reported according to applicable laws and regulations. 2. Were disbursements consistent with the intent of the charter or implementing guidance. 	The audit team reached positive conclusions on both objectives.	
73 USAID OIG	A-000-04-003-P	19-May-04	Capping Report on Audit of USAID's Compliance with Federal Regulations in Awarding the Iraq Phase I Contracts	<ol style="list-style-type: none"> 1. Did USAID comply with federal regulations in awarding the Iraq contracts. 2. What improvements can be made to the process. 	<ol style="list-style-type: none"> 1. Inadequate documentation of market research relating to available/qualified contractors. 2. Failure to obtain and document legal analysis regarding possible conflict of interest with contractors. 3. Failure to notify and debrief non-award bidders. 4. Failure to document mitigation of unfair competitive advantage. 	
74 USAID OIG	A-000-04-004-P	23-Sep-04	Audit of USAID's Compliance with Federal Regulations in Awarding Iraqi Basic Education Phase II Contract	Did USAID comply with FAR in awarding the Iraqi Basic Education Phase II Contract.	For the areas reviewed, we determined that USAID complied with applicable federal regulations in awarding the Iraqi Basic Education Phase II Contract.	

Summary of U.S. Oversight Efforts in Iraq (As of June 30, 2005)

Agency	Report Number	Publication Date	Report Title	Objectives	Findings
75 USAID OIG	A-267-05-005-P	6-Jan-05	Audit of USAID's Compliance with Fed. Regulations in Awarding the Contract to Kroll Security Services Inc.	Did USAID comply with FAR in awarding the contract for security service in Iraq.	1. USAID did not adequately document use of less than full/open competition. 2. Obtained security services using letter contract that did not meet FAR requirements. 3. Incurred multiple potential funds control violations. 4. Purchased armored vehicles that did not meet U.S. Government armoring standards.
76 USAID OIG	E-266-04-001-P	19-Mar-04	Audit of USAID's Results Data for Its Education Activities in Iraq	Has USAID accurately reported data and results for its education activities in Iraq.	The data was reported inaccurately (education activities).
77 USAID OIG	E-266-04-002-P	3-Jun-04	Audit of USAID/Iraq's Infrastructure Reconstruction and Rehabilitation Program	Are USAID/Iraq's infrastructure and rehabilitation activities performed by Bechtel on schedule to achieve planned outputs.	1. Mission's management controls related to infrastructure rehabilitation projects need improvements. 2. Inadequate environmental reviews prior to start of construction. 3. Job order specific plans (JOSPs) not submitted as required. 4. Completed job orders not closed.
78 USAID OIG	E-266-04-003-P	6-Aug-04	Audit of USAID's Compliance with Federal Regulations in Awarding Phase II Reconstruction and Rehabilitation, Program Advisors and Oversight Contracts	Did USAID comply with FAR in awarding Iraq Phase II Reconstruction and Rehabilitation, Program Advisors and Oversight Contracts.	For the areas reviewed, we determined that USAID complied with applicable federal regulations in awarding the Iraq Phase II Reconstruction and Rehabilitation, Program Advisors and Oversight Contracts.
79 USAID OIG	E-266-04-004-P	20-Sep-04	Audit of USAID's Iraq's Economic Reform Program	Did USAID/Iraq's Economic Reform Program achieve intended outputs.	1. Mission needs to improve record keeping procedures for documenting actions, decisions, status. 2. Mission needs to revise contractor reporting requirements.
80 USAID OIG	E-267-05-001-P	31-Jan-05	Audit of USAID/Iraq's Community Action Program	Did USAID/Iraq's Community Action Program achieve intended outputs.	CAP achieved intended outputs, but internal controls need to be strengthened to improve CAP monitoring and reporting processes.
81 USAID OIG	E-267-05-002-P	28-Feb-05	Audit of USAID/Iraq's Health System Strengthening Contract Activities	Did USAID/Iraq's Health System Strengthening Contract achieve intended outputs.	1. Activities under this contract did not achieve intended objectives. 2. Contractor did not effectively manage program to ensure activities were completed as scheduled and deliverables effectively produced. 3. Reduction in contractor's cost-celling prompted contractor to curtail/cancel activities. 4. Mission needs to improve process for reviewing/approving requests for contract modifications.

Summary of U.S. Oversight Efforts in Iraq (As of June 30, 2005)

Agency	Report Number	Publication Date	Report Title	Objectives	Findings
82 USAID OIG	E-267-05-003-P	29-Jun-05	Audit of USAID/Iraq's Electrical Power Sector Activities	<p>1. Are USAID/Iraq's electrical power sector projects achieving their planned outputs.</p> <p>2. Is USAID/Iraq addressing institutional capacity-building in its projects to rebuild and rehabilitate Iraq's electrical power sector infrastructure.</p>	<p>1. USAID's electrical power sector projects were not always achieving their intended outputs.</p> <p>2. Of the 22 projects reviewed, 7 (3%) had not or were not achieving their intended outputs for reasons beyond USAID's control.</p> <p>3. Two of the seven projects were impacted by the U.S. government's earlier efforts to reprogram government-wide infrastructure funding from the electrical sector to security and other priority areas, resulting in the cancellation of the two projects.</p> <p>4. Several other projects were experiencing implementation delays or hampered by a lack of cooperation from the Iraqi Ministry of Electricity staff, deteriorating security, and other factors.</p> <p>5. USAID was found to be addressing institutional capacity-building under its electrical power sector projects, mostly through the provision of training. More needed to be done to address the problems and challenges both at the power plants and at the ministry level.</p>
83 USAID OIG	E-267-05-004-P	30-Jun-05	Audit of USAID/IRAQ's Water and Sanitation Rehabilitation Activities	<p>1. Are USAID/Iraq's water and sanitation rehabilitation projects achieving their planned outputs.</p> <p>2. Is USAID/Iraq addressing institutional capacity-building in its projects to rebuild and rehabilitate Iraq's water and sanitation sector infrastructure.</p>	<p>1. The audit found that the water and sanitation rehabilitation projects were achieving intended outputs with some exceptions.</p> <p>2. Of the 34 projects reviewed, 30 projects (88%) achieved or were achieving their intended outputs while 4 projects (12%) were not because of security conditions, access to project site problems, and lack of local government cooperation which were beyond the control of the USAID and its implementing partners.</p> <p>3. The USAID addressed the issue of capacity-building in its projects to rebuild and rehabilitate Iraq's water and sanitation infrastructure through the provision of training and operation manuals.</p>

Attachment 3



U.S. Army Audit Agency
Service • Ethics • Progress



Commanders' Emergency Response Program and Quick Response Fund

**Multi-National Security
Transition Command - Iraq**

Executive Summary

Audit Report A-2005-0173-ALE
2 May 2005



Commanders' Emergency Response Program and Quick Response Fund

Multi-National Security Transition Command - Iraq

Results

Multi-National Security Transition Command - Iraq (MNSTC-I) administered funds in accordance with fragmentary orders, standing operating procedures, and applicable guidance. Command:

- Showed receipt of funding from Multi-National Corps - Iraq.
- Used funding for projects authorized by appropriation type.
- Maintained an audit trail that showed accountability over funding.
- Transferred funding to other commands for authorized projects according to guidance.
- Reported fund use for the Commanders' Emergency Response Program and Quick Response Fund to Multi-National Corps-Iraq as outlined in Multi-National Force-Iraq fragmentary orders and internal controls.

However, some areas needed improvement. MNSTC-I didn't document and maintain:

- Results of coordination with local Iraqi Governate, civil affairs, and reconstruction teams to prevent duplication of effort.
- Cost estimates from subordinate commands.
- Statements of work.
- Requirement requests.

Command also didn't require the proper authorized approving officials to sign purchase requests for projects under the Emergency Response Program before executing commitments.

Disbursements were consistent with the intent of the charter or implementing guidance for funds. The J8 Comptroller made sure command personnel completed documentation showing that the Army:

- Received goods and services according to contract specifications.
- Disbursed funds to contractors for authorized projects in the correct amount and forwarded those documents to the finance office.

Recommendations

We recommended that MNSTC-I:

- Issue command policy designating authorized approving officials for purchase requests and commitments.
- Deobligate funding for an armor vehicle panel project, valued at \$59,000, funded through the Quick Response Fund.
- Coordinate with the 336th Finance Brigade to reconcile disbursements monthly.
- Establish an internal auditor position within the command group reporting directly to the commanding general.
- Update the standing operating procedures to require the maintenance of all supporting documentation (such as purchase requests, contracts, receiving reports, and vouchers) in program project files.

MNSTC-I agreed with the recommendations and took corrective action.

The Office of the Assistant Secretary of the Army (Financial Management and Comptroller) provided the official Army position. The office agreed with the report and the command response.

Attachment 4



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August 2, 2005 Tuesday

SECTION: INTERNATIONAL NEWS

LENGTH: 942 words

HEADLINE: Iraq Investigates Widespread Corruption

BYLINE: BASSEM MROUE; Associated Press Writer

DATELINE: BAGHDAD, Iraq

BODY:

Hundreds of millions of dollars have been wasted on unnecessary and overpriced equipment for Iraq's new army at a time when the United States and its allies are struggling to get the force in shape to battle insurgents, Iraqi officials say.

Iraqi authorities have opened inquiries into several cases of possible corruption at the Defense Ministry. The ministry official believed behind most of the questionable deals was removed from his job in June and banned from leaving the country.

"Corruption is widespread at the ministry. One of the cases alone is worth \$226 million. The investigation is still going on," said legislator Kamal al-Saaidi, a member of the independent Supreme Anti-corruption Commission.

Most of the alleged unnecessary purchases were made during the term of interim Prime Minister Ayad Allawi, who took office after occupation authorities turned over sovereignty to Iraqis on June 28, 2004.

When new Defense Minister Saadoun al-Dulaimi took office in May, an investigation was opened into several alleged cases of corruption.

Former National Security Adviser Qassim Dawoud refused to speak about corruption at the ministry, citing the ongoing investigation.

Iraqi investigators are probing several weapons and equipment deals engineered by the dismissed official, former procurement officer Ziad Cattar, and other defense officials.

One case involves Polish weapons maker Bumar, which signed a \$236 million contract in December to equip the Iraqi army with helicopters, ambulances, pistols, machine guns and water storage tanks. Added to other deals signed last year, Bumar's contracts with the Iraqi army totaled nearly \$300 million.

Iraqi officials said that when Iraqi experts traveled to Europe to check on their purchase of the transport

choppers, they discovered the aircraft, which cost tens of millions of dollars, were 28 years old and outdated. They refused to take them and returned home empty-handed.

A Defense Ministry official, speaking on condition of anonymity because he is not authorized to speak to the media, said the helicopter deal was "canceled after the ministry discovered that the helicopters are not needed at the moment."

In Warsaw, however, a spokeswoman for Bumar denied her company ever provided Iraq with poor-quality helicopters and said that although they were several years old and used, this was at the request of the Iraqi Defense Ministry.

Iraqi authorities wanted them at "half the price and wanted to get them quickly," spokeswoman Roma Sarzynska told The Associated Press.

It would have taken the company longer to provide new helicopters, she said.

"The Iraqis paid us the full amount of money for the machines, they are in good condition, standing ready to be picked up, but no one seems to want to come to claim them," Sarzynska said. "In the deal signed with the Iraqis, it was specified that the helicopters were to be built between 1978 and 1992, so the age element of the helicopters was well known in advance."

She said the helicopters were renovated, but when the Iraqi delegation arrived "they unfortunately could not take them back with them to Iraq because they said that they themselves did not have the authority to do so."

Another case involving Cattani was a deal to purchase 7.62 mm bullets, used in machine guns and rifles. Iraqi officials said the bullets should have cost between 4 and 6 cents apiece but the ministry was eventually charged 16 cents per bullet.

Jawad al-Maliki, who heads parliament's Security and Defense Committee, said that despite spending huge sums, "we did not see weapons on the ground."

Lt. Gen. David Petraeus, the American commander in charge of training and equipping the Iraqi military, declined to comment on the corruption claims, saying it was a matter to be resolved by the Iraqi government.

Since U.S. authorities turned over sovereignty last year, Iraqis have obtained weapons three different ways: Procuring them through the auspices of the multinational force command, donations from other countries and purchases by the Defense Ministry.

A U.S. military officer who used to work with the Defense Ministry said equipment that could have been useful was not being purchased, such as new armored vehicles or good ammunition.

The U.S. official spoke on condition of anonymity because it was an internal Iraqi issue. He said there appeared to be little oversight and accountability in the procurement of equipment.

Repeated attempts by The Associated Press to contact Cattani in recent weeks were unsuccessful. However, in a telephone interview in May, he spoke proudly of his efforts to procure equipment.

Cattani said that in only six months, he had signed contracts worth \$600 million and that he headed military delegations to 15 countries including Russia, Poland and Germany.

He added that he signed contracts to "buy 500 Humvees, 600 armored personnel carriers from Poland as well as transport planes from Russia and Poland."

Earlier this year, another scandal broke when media reports revealed that Allawi's defense minister, Hazem Shaalan, transferred \$500 million to a bank account in Lebanon to buy weapons. Ahmad Chalabi, the current deputy prime minister, demanded an investigation into that case.

Shaalan left Iraq after a new government was formed and remains abroad.

Prime Minister Ibrahim al-Jaafari recently complained about administrative and financial corruption but also blamed former dictator Saddam Hussein.

"Just as a house that is burned down takes time to rebuild, so it will take us time to clean out the culture that Saddam brought to Iraq," he said.

LOAD-DATE: August 3, 2005

Attachment 5



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Christian Science Monitor (Boston, MA)

August 11, 2005, Thursday

SECTION: WORLD; Pg. 01

LENGTH: 1308 words

HEADLINE: Iraqis thirst for water and power

BYLINE: By Dan Murphy Staff writer of The Christian Science Monitor

DATELINE: BAGHDAD

HIGHLIGHT:

Lack of basic services is prompting growing protest aimed at Iraqi officials.

BODY:

This summer, the third since the fall of Baghdad, has been the worst yet when it comes to basic services. Interruptions to electricity and water supplies - caused by both decay and sabotage - are driving up the frustrations of millions of Iraqis.

While last summer public anger was directed at the US government, today it's as likely to be aimed directly at Iraq's interim government and officials.

Last Sunday in the Shiite town of Samawa 150 miles south of Baghdad, protests over joblessness and limited electricity and water supplies turned into a riot outside the governor's office in which about 1,000 residents overturned and burned a police van. The riot ended when police opened fire, killing one.

In a sign of how politically sensitive the matter has become, the rioting saw Shiite Prime Minister Ibrahim Jaafari rush a delegation of representatives to Samawa the next day. At a hastily convened provincial council meeting in their presence, Gov. Muhammed al-Hassani was then sacked.

And here in Baghdad, the militant Shiite cleric Moqtada al-Sadr has called for Friday protests against the lack of power and water. This is part of an ongoing campaign to shore up his power base among the urban poor by targeting the failures of his more moderate political opponents, who are now in power.

In a rare statement calling for the protests, Mr. Sadr blamed "the occupier and the people who have traded on their religion and sold their people" for Iraq's problems, an apparent reference to the mainstream Shiite political parties that run the government.

Meanwhile, Baghdad has a new mayor, Hussein al-Tahhan, who replaced Alaa al-Tamimi after he was run out of office by Shiite militiamen. Mr. Tahhan told Reuters that, "I don't think a politician should be a mayor, it should be someone who can spend all of his time in the service of the people," criticizing Mr. Tamimi for not paying enough attention to Baghdad's already crippled public services.

Iraq's electricity problems - which in turn lead to frequent pump shutdowns that deprive many

neighborhoods of water, and frequently leave pools of sewage decaying in the streets - are a combination of a run-down system, war-time damage, and ongoing insurgent sabotage.

\$ 20 billion for electricity

The US is in the process of spending about \$ 19 billion on long-term water and electricity projects, but about a quarter of this money has been diverted to security because of the raging insurgency, US officials say. Even when electricity generation is improved at the power plant, transformers and cables are easy insurgent targets, with the net result that less power gets to Iraqi homes.

"Security increases costs by 10 to 25 percent, so we're not getting our value for money. Security was factored in at a rate of 9 percent - we didn't know it would be this much," Brig. Gen. Bill McCoy told Reuters during a tour this week of projects north of Baghdad. "We've had to downsize in some areas. It took \$ 3 billion out of water and \$ 500 million out of electricity," he said.

Iraqi officials said last month that the country would need an estimated \$ 20 billion over the next five years to restore full electric power capacity and keep power flowing to the entire country. Iraqi Electricity Minister Mohsen Shalash seemed confident that Iraq would be able to restore full power within two years and that daily demand - estimated by the US General Accounting Office to reach 8,500 megawatts this summer - will climb to 18,000 megawatts by 2010.

Coping with the heat

But Faten Abed wants reliable electricity and more water now.

Her hair is unwashed and she's dragging after another sleepless night in her two-room apartment that has been turned into an "oven" by summertime Baghdad's 115-degree temperatures.

"We turn on the television and all we see is the politicians saying 'I'm going to do this,' or 'I'm going to do that,' " she says. "We've stopped believing anything they have to say. I had hope before the election that things would be different, but the political parties are losing all of their credibility."

In some of Baghdad's toughest neighborhoods, like the Sunni-dominated Adhamiya, where gun battles and assassinations are common, even large generators, sometimes owned cooperatively by wealthier neighborhoods, have been targeted.

One Adhamiya resident, who asked not to be named, says his community sold their generators after a death threat from local insurgents.

Mrs. Abed says she's fortunate to get eight hours electricity of power a day in her cramped home in central Baghdad that she shares with her husband and five children. They live in a ground-floor apartment, so the rooftops where many escape to sleep aren't an option for them.

Instead, they have rolled up their carpet to sleep on the cooler tile floors, and take turns fanning each other. A cool shower is usually not an option, since the neighborhood's water is turned off for days at a time. "I don't want to give up hope completely - maybe the government will start to do something. But for now, we're hardly sleeping."

But at least someone is profiting from Baghdad's decaying infrastructure.

Haider al-Turki grins out from a grease-stained face and shouts to make himself heard over the roar of a

portable generator. "I'm making a lot of money thanks to cheap Chinese generators and the terrorists," says the former auto mechanic who switched to fixing generators full-time two years ago. It's a skill he learned while a conscript in Saddam Hussein's army.

Sweeping his hand over the jumble of generators spilling from his small workshop onto the sidewalk he says, "I'm the only person I know who's benefiting from this situation."

Generating a profit

This summer, Mr. Turki says, he's repairing about 20 generators every day, up from about 10 a day last summer. He charges about \$ 20 a pop. But even he says he hopes he'll be out of a job soon.

"I'd be pleased to going back to fixing cars some day - all of my customers are the lucky ones anyway," he says. "Most Iraqis can't afford a generator, and they're just trying to live through this."

Turki says he has a number of friends who have shut small businesses because of intermittent power, and worries that a weak economy will lead to an even less stable Iraq than the one now.

"We have two problems: the terrorists and the government that is stealing from us," he explains.

He gestures to a tangle of wires hanging from a utility pole outside his shop, which he said exploded about a month ago.

A repairman from the Ministry of Public Works showed up a few days later and then demanded bribes from all of the businessmen on the street to get electricity to the neighborhood up and running again.

"We wouldn't pay - we're fed up with this stuff. The Americans can't fix it and the government is just out for themselves. What did we vote for anyway?"

* Material from wire services was used in this article.

Electricity and Oil

As demand for electricity in Iraq rises in the summer months, the country has continued to suffer chronic distribution problems, even as electricity production increases.

IRAQI ELECTRICITY PRODUCTION:

Prewar 2003: 95,000 megawatt hours/day

June 2005: 100,000 megawatt hours/day

Estimated summertime need: 204,000 megawatt hours/day

December 2005 target: 110,000 megawatt hours/day (revised down from 120,000 megawatt hours/day)

OIL PRODUCTION AND EXPORT

Prewar 2003

Production: 2.6 million barrels per day

Export: 2.1 million barrels per day

May 2005

Production: 2 million barrels per day

Export: 1.4 million barrels per day

December 2005 targets:

Production: 2.8 million barrels per day Export: 1.8 million barrels per day

Source: The US Government Accounting Office July 2005 Iraqi **Reconstruction** report

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LOAD-DATE: August 10, 2005

Attachment 6



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July 25, 2005 Monday 11:10 PM EST

SECTION: WORLD

LENGTH: 773 words

HEADLINE: U.S. study: Insurgents infiltrate Iraq police

DATELINE: WASHINGTON

BODY:

Insurgents and other criminals have infiltrated Iraqi police ranks due to poor screening procedures by U.S. forces, according to a joint report released Monday by the U.S. Defense Department and State Department.

"Recruitment and vetting procedures are faulty," said the report from the inspectors general of both departments.

"Despite recent improvements, too many recruits are marginally literate; some show up for training with criminal records or physical handicaps."

The 100-page report went on to say there was "sufficient evidence to conclude" that insurgents were "among the ranks of the Iraq police service."

Insurgents have carried out numerous bombings at Iraqi police and army recruiting centers -- many of the attacks occurring as potential recruits waited in long lines outside.

More than 1,600 police have been killed in attacks in the past year, the report said.

The Bush administration has said getting Iraqi police properly trained is one of the key components in eventually bringing U.S. troops home, although the administration has refused to put a timetable on when that might occur.

To date, there are about 63,000 fully trained Iraqi police, according to Pentagon officials.

But the report acknowledged the difficulty in defining the number of police who are trained and equipped.

The United States has set a goal of training and equipping 135,000 police by the end of 2006.

"This emphasis on numbers overshadows the attention that should be given to the qualitative performance of those trained," the report said.

"There is a perception that training programs have produced 'cannon fodder' -- numbers of nominal policemen incapable of defending themselves, let alone the Iraqi public."

The report said Iraqi Ministry of Interior officials believe they would be better able to screen candidates, instead of the current process in which coalition military personnel conduct background checks on all incoming recruits.

The inspectors general team that carried out the study agreed with the Ministry of Interior, the report said.

Another key judgment in the report said **Iraqi police training** should be immediately handed over to the Iraqis. Otherwise, the coalition will be "destined to fall short in helping to create an effective police force."

Senior Pentagon officials said Defense Secretary Donald Rumsfeld has yet to be briefed on the report.

But senior commanders in Iraq have been briefed and "took the findings for what they were," said one senior Pentagon official.

A draft of the report was made available in May, and action has already been initiated in response to many of its recommendations, the inspectors general said in a press release.

The report comes after a recent Pentagon assessment on the status of Iraq reported that half of Iraqi police battalions were capable of carrying out operations against insurgents.

Pentagon officials said the joint report was a snapshot from two to three months ago and some said recently that police recruiting has been improving.

The report did highlight some successes, citing a good performance from police during the January elections, increased visibility of police on the streets and polls reflecting positive public respect and confidence in the force.

"Although the Iraqi police force is not yet capable of single-handedly meeting security challenges, relevant coalition training efforts have resulted in a qualified success," according to the report.

To prepare the report, a six-member team spent about five weeks in February and March reviewing training programs in Jordan and Iraq. The report did not reflect developments after April.

On Monday, two police officers were among 14 Iraqis killed in two separate suicide car bombings in the country's capital, police officials and the Ministry of Defense reported.

In the first attack, 12 Iraqis died and 16 were wounded when a car bomb detonated at a checkpoint for the Sadeer Hotel, a Defense Ministry statement said.

The vehicle exploded near a building housing guards for the hotel. Several guards were among the casualties, police said.

Later, a suicide car bomb killed two police officers and wounded 11 at an Iraqi police commando checkpoint in the west-central part of the city, said an emergency police official.

Meanwhile, the Sunni Arab delegation to the committee drafting Iraq's new constitution ended its boycott of the proceedings Monday, an aide to the committee's chairman said.

Twelve of the 15 members of the Sunni delegation staged the boycott last week following the assassination of a fellow member and one of his advisers. Two other members removed themselves from the delegation following insurgent threats.

LOAD-DATE: July 26, 2005
